

MOUNT ROYAL UNIVERSITY

Annual Report

2021/22



MOUNT ROYAL
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Mount Royal University is located in the traditional territories of the Niitsitapi (Blackfoot) and the people of Treaty 7, which includes the Siksika, the Piikani, the Kainai, the Tsuut'ina and the Íyârhe Nakoda. We are situated on land where the Bow River meets the Elbow River. The traditional Blackfoot name of this place is Mohkínstsis, which we now call the city of Calgary. The city of Calgary is also home to the Métis Nation.

Accountability statement

Mount Royal University's Annual Report for the year ended March 31, 2022 was prepared under the Board's direction in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to

the *Post-Secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Management's responsibility for reporting

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. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-Secondary Learning Act*.

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

Message from the Board Chair and the President and Vice-Chancellor

Mount Royal University is pleased to present its 2021/22 Annual Report to the Ministry of Advanced Education. The past reporting period, which spans just nine months due to a change in our fiscal year-end, has been marked both by uncertainty and a demonstrated commitment to delivering a high-quality education to our students. Highlights of this period include the following:

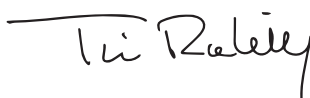
- In the final meeting of the previous year, the Board of Governors approved Opening Minds and Changing Lives, Mount Royal's new strategic planning framework. Planning work continued throughout 2021/22 and we expect to complete our strategic planning process by the end of 2022.
- Student enrolment remained stable, despite shifts in delivery modes in response to the multiple waves of the COVID-19 pandemic. Full Load Equivalents (FLE) grew 0.9% year-over-year (due entirely to a change in provincial definitions) and total enrolment has increased by 21.5% since 2014/15, among the highest growth in Alberta's university sector.
- 2021/22 was the first year under the new Investment Management Agreement (IMA) and we entered into a new three-year IMA beginning 2022/23, with targets demonstrating our commitment to meeting the needs of Alberta learners.
- We continued to enhance our academic programming in response to the demands of Alberta learners and the employment market. Our business program successfully received accreditation from the European Foundation for Management Development, the gold standard for international accreditation of business programs; we launched our new Bachelor of Social Work, providing much-needed seats in this high-demand field; and we began delivering Environmental, Social and Governance (ESG) Reporting, the first of our two new micro-credentials (for which the Ministry of Advanced Education funded development), while the second micro-credential, Applied Machine Learning, will launch in Fall 2022.

- The nine-month fiscal period concluded with an unplanned \$16.4-million consolidated operating surplus due to one-time and exceptional factors, including supply chain challenges that delayed spending, unexpected realized gains on investments and unanticipated position vacancies, and the change in our fiscal year. These resources have been dedicated to capital renewal and other improvements to our campus over the coming months and years.

We extend our continued gratitude to our exceptional faculty, staff and management, whose perseverance and commitment have been instrumental in our continued success during these challenging times. We look forward to the coming year with optimism and anticipation, and a more fulsome return to on-campus operations.



Alex Pourbaix
*Chair, Board of Governors of
Mount Royal University*



Tim Rahilly, PhD
*President and Vice-Chancellor,
Mount Royal University*

Members of the Board of Governors

(Current as of August 14, 2022)



Alex Pourbaix, *Chair*



Brenden Hunter



Denise Man



Shannon Pestun



Chris Lee, *Vice-Chair*



Karl Johannson



Jacqueline Musabende



Sue Riddell Rose



Dawn Farrell, *Chancellor*



Morgan Loberg



Joseph Nguyen



David Routledge



Tim Rahilly, *President and Vice-Chancellor*



Carrie Lonardelli



Thomas P. O'Leary



Shannon Ryhorchuk



Pamela Malec



Kenna L. Olsen



Salimah Walji-Shivji

Public Interest Disclosure (Whistleblower Protection) Act

Mount Royal University has a Protected Disclosure (Whistleblower) policy and procedures to guide employees who identify and seek to disclose potential wrongdoings as defined by the *Public Interest Disclosure (Whistleblower Protection) Act*.

Fifteen disclosures were received between July 1, 2021 and March 31, 2022. None of the disclosures met the threshold of the policy. No wrongdoing under the Protected Disclosure (Whistleblower) policy was found. Some of the disclosures were investigated under other policies and others were addressed through informal processes.

Operational overview

Mount Royal continued to adjust to the ongoing pandemic in 2021/22, and we experienced several operational impacts.

- The 2021/22 fiscal period was nine months in length, in order to effect Mount Royal's change to a March 31st year-end. Where possible, figures are recalculated for the equivalent previous period.
- Total enrolment, as measured in Full Load Equivalent (FLE), grew 0.9% year-over-year and has grown by 21.5% since 2014/15. The annual growth in FLE is entirely attributable to a province-wide update of the Active Learner definition and not the result of the current institutional growth strategy.
- Total international enrolment grew to 2.6% of total FLE for 2021/22 (compared to 2.2% in 2020/21). Despite this modest growth, international enrolment continued to be heavily impacted by the pandemic, and greater growth in international student enrolment is expected to be realized in 2022/23 and beyond, when exchange agreements and contracts can be resumed.
- 88% of fourth-year Mount Royal students rated their entire educational experience as excellent or good (for 2020, the latest year available), significantly higher than Canadian comparators.
- 61% of graduating students reported participating in a work-integrated learning experience (for 2021 graduating students, the latest year available).
- While the pandemic continued to impact our ability to deliver in-person learning, a majority of our fall semester courses were delivered primarily in person; the winter semester commenced online and shifted to a ratio of 70% in-person to 30% online courses by the beginning of March.
- We successfully launched our newest degree, a Bachelor of Social Work, in Fall 2021.
- We received provincial funding to develop two new micro-credentials: Environmental and Social Governance (ESG) Reporting launched in Winter 2021 and Applied Machine Learning will launch in Fall 2022.
- Research and scholarship continued to grow and impact the student experience through integration into teaching and student opportunities for participation in research projects. The faculty success rate for tri-agency grant applications increased from 33% to 44%.
- Total consolidated operating revenues exceeded expenses by \$16.4 million. This unplanned surplus was mainly driven by one-time and exceptional factors experienced during the nine-month fiscal period.

Goals and performance measures

SYSTEM GOAL:

IMPROVE ACCESS AND STUDENT EXPERIENCE

Institutional goal:

Grow to meet demand and remove barriers to completion

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
<p>Grow enrolment to add additional capacity to meet the demand for post-secondary access in the Calgary region and across Alberta</p>	<p>The principle of thoughtful growth underlies Mount Royal's enrolment management plan; to grow to meet the demands of Alberta learners and the employment market in a manner that does not compromise quality or the value proposition of what makes a Mount Royal education desirable. The 2021/22 reporting year closed with an increase of 98 FLE and 486 individual students compared to the previous year (annual growth of 0.9%). The increase in both FLE and headcount is entirely attributable to a province-wide update of the Active Learner definition and not the result of any current institutional growth strategies.</p> <p>Since the institution began its planned growth trajectory in 2014/15, Mount Royal has recorded a 21.5% increase in total FLE, which vies for the greatest amount of growth in the province over this period for institutions in the Comprehensive Academic and Research University and Undergraduate University sectors. Mount Royal will continue to focus on meeting the demands of Alberta learners in the coming academic year by striving to maintain, or even grow, enrolment despite the constraints inherent to the pandemic.</p>
<p>Expand programming to meet learner and market demands</p>	<p>Mount Royal's revised program prioritization and approval processes have generated numerous program proposals for the Ministry's consideration. Mount Royal's Bachelor of Social Work was launched in 2021/22.</p>
<p>Develop micro-credentials to meet student and labour market needs</p>	<p>Mount Royal received provincial funding to develop two new micro-credentials: Environmental and Social Governance (ESG) Reporting and Applied Machine Learning. The ESG program enrolled 69 students in the Winter 2022 semester. Applied Machine Learning will launch in Fall 2022.</p>

Maximize course transferability across Mount Royal and other institutions	Mount Royal continued to be a leader in the Campus Alberta system for depth and breadth of transfer agreements available through the Alberta Council for Admissions and Transfer (ACAT). Internally, broad-based course transferability is a hallmark of Mount Royal degree programs, whereby students' completion of optional, elective and General Education courses delivered across multiple faculties are applied to graduation requirements.
Increase four- and six-year degree graduation rates	The six-year Fall 2015 cohort graduation rate was 68.0%, which is an increase compared to the 65.6% rate for the Fall 2014 cohort. The four-year graduation rate for the Fall 2017 cohort increased to 36.2%, compared to the 35.4% rate for the Fall 2016 cohort.
Increase number of seats available to students in courses required for graduation	From 2020/21 to 2021/22, there was a 2.3% increase in the number of seats available to students across all faculties. Since 2016/17, Mount Royal has increased its total seat offerings by 17.9%.

Institutional goal:

Indigenize our university

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Hire a new Canada Research Chair (CRC) in Indigenous Studies	The search for the CRC in Indigenous Studies took place this year and Gabrielle Lindstrom, PhD, was chosen as the successful candidate. Her application for the CRC was sent to the CRC program in April 2022 and a response is anticipated in Fall 2022.
Increase faculty, staff and management awareness and understanding of Indigenous culture and issues	A presentation on the meaning of equality in the workplace was delivered for Mount Royal staff. HR and the office of indigenization and decolonization (oid) is preparing a forum that will be offered to all staff on the ten Indigenous cultural imperatives that impact a difference in behaviour, reactions and motivations in Indigenous people. Current events are listed on the oid website to encourage students, faculty, staff and management to participate in events to increase their knowledge about local Indigenous events, to meet local Indigenous people and to learn about their affairs. Opportunities for faculty to present the indigenization of their class offerings are encouraged during the annual Journey to Indigenization events in September and October. Iniskim Centre has worked with various staff and faculty groups to deliver Indigenous awareness programming such as the KAIROS Blanket Exercise, tipi raising and guest lectures within courses.

<p>Continue implementation of an Indigenous student recruitment plan</p>	<p>An Indigenous recruitment officer has continued to increase Mount Royal's presence in urban and rural Indigenous communities and at events. In the long-term, establishing and maintaining meaningful connections with Indigenous communities, along with designating program seats through Indigenous admission targets, is expected to increase applications from self-declared Indigenous students.</p> <p>In 2020/21, pandemic-related health protocols restricted travel and in-person recruitment activities and, combined with the shift to online course delivery, recruitment of new Indigenous students was significantly impacted. In 2021/22, the lifting of certain health restrictions permitted additional in-person activities, which increased Indigenous student enrolment. Certain activities traditionally delivered in person were modified for online delivery. For example, the Iniskim Centre partnered with Indigenous communities to engage prospective students, such as an online event that connected with more than 100 prospective students from the Northern Youth Abroad program.</p>
<p>Increase number of applications by Indigenous students in all programs</p>	<p>Applications to all programs from self-declared Indigenous students increased by 14.2% in Fall 2021 compared to Fall 2020 and have recovered to pre-pandemic levels.</p>
<p>Increase enrolment by self-identified Indigenous students</p>	<p>The percentage of self-identified Indigenous students rose to 6.0% in 2021/22, compared with 5.4% in 2020/21.</p>
<p>Increase retention rates of Indigenous students</p>	<p>The retention rate among self-identified Indigenous students continued to equal the retention rate for non-Indigenous students. The six-year graduation rate for self-identified Indigenous students in the Fall 2015 cohort was 66.4%, compared to 68.1% for non-Indigenous students. Taking into consideration the number of students in each cohort, this difference is not significant.</p>
<p>Increase number of faculty, staff and management enrolled in Indigenous education and training courses</p>	<p>An educational lecture was delivered to 250 staff on the meaning of equality, indigenization and decolonization. The online 4 Seasons of Reconciliation multimedia course was delivered to Mount Royal employees.</p>
<p>Implement partnerships and MOUs between Mount Royal and Indigenous groups that contribute to curriculum development and indigenization</p>	<p>The office of indigenization and decolonization has partnered with Community Futures Treaty 7 to jointly develop a First Nations Women's certificate. A Treaty with First Nations University is underway to create online land-based learning courses. A treaty with Red Crow College is underway to provide a variety of elder-based course modules to be available to all professors on traditional protocols, ceremony, ecology, environmental cultural knowledge and Blackfoot history. An MOU with Old Sun College has been signed to create an Indigenous Management course to be offered 50% on campus and 50% on reserve. A donation of \$1.5 million was provided to support a chair to oversee the development of the course. The Indigenous Housing Program engaged with community elders in the delivery of support and services to families living within Mount Royal residences. The elders have been instrumental in the delivery of culturally relevant programs and services to students.</p>

Institutional goal:

Support student mental health and well-being

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Develop a suicide prevention framework to support mental health	<p>Mount Royal's Suicide Prevention Strategic Framework was developed through the work of a steering committee, with 161 campus members participating in community consultation sessions. The final framework includes 52 recommendations for implementation from 2021 to 2026 across four goal areas: strengthen and expand policy, supports and services; foster a thriving campus environment; increase community awareness and capacity; and develop sustainable implementation and evaluation mechanisms for the framework.</p> <p>As part of the implementation plan, the strategy was analyzed using the National Standard of Canada for Mental Health and Well-Being for Post Secondary Students in order to align the strategy and guide the prioritization of implementation activities. A cross-functional team is working to implement the strategy.</p> <p>A key deliverable was to increase the awareness and training of Mount Royal faculty, staff and management. Applied Suicide Intervention Skills Training (ASIST) was embedded within the job requirements of key student support roles, such as early assist, academic advising and student leadership.</p>
Provide access to information, training and awareness for students, faculty, staff and management to increase mental health literacy skills to identify and respond to students experiencing mental health concerns	<p>Mount Royal focused on building mental health and dating, domestic and sexual violence (DDSV) information and awareness initiatives. Efforts included the integration of DDSV workshops into the Personal Skills Development and Capacity Building certificate program; the integration of DDSV information into the Mental Health Faculty Toolkit; and the continued distribution of mental health help and DDSV folders to students, faculty, staff and management. In response to the pandemic, programs and workshops were adapted to online formats wherever possible. Once again, Mount Royal conducted the National College Health Assessment, with a 35% response rate, to understand students' health and well-being.</p> <p>A highly impactful measure to support students' health and well-being is to provide easy-to-access services that assist in the early identification of students in need, as well as highly responsive support. An investment was made to enhance the Early Support program to provide student triage and support services. The program is designed to offer individualized assistance to students. 136 in-class presentations were provided to promote the service to students, faculty, staff and management.</p>

	<p>Mount Royal continued to provide a wide variety of wellness programming to support the education and training of students, faculty, staff and management. Students continue to take an active role in delivering programming, as 61 peer student leaders delivered over 294 projects. 168 people participated in Suicide Prevention Training; 272 people participated in Naloxone and Harm Reduction Training; and 47 people participated in First Responder to Sexual Assault and Abuse training. Overall, the Mount Royal community achieved more than 5,587 hours of mental health and well-being programming.</p> <p>Student well-being and resilience have been added as program outcomes in various services and programs to students. For example, 41 students attended a Navigate your own Mental Health program as part of the new student workshop series. Additionally, a self-study online student learning platform with various modules was designed to support the transition of new students and will be launched in Fall 2022. A key module is on well-being and focuses on developing skills around resilience and identifying services and programs to support student mental health and well-being.</p>
<p>Implement campus services to increase self-management and coping skills, including counselling groups and early support referrals</p>	<p>The Early Support program continued to connect a diverse population of at-risk students with cultural, social and academic supports. Early Support was expanded to provide highly individualized support for students. Between September 2021 and April 2022, a total of 949 reports were submitted, of which 61% were for support with pandemic-related issues. However, most reports involved multiple issues impacting student success. Some of the main concerns addressed included struggles with academic work (51.6%), non-academic issues such as health and wellness concerns (35.6%) and students in distress (24.2%). The Early Support program is providing early interventions that support students' overall ability to thrive and be successful, often preventing the need for withdrawal or high-level interventions.</p>
<p>Provide appropriate on-campus services and transition processes for incoming students and those who may be better served through off-campus community services</p>	<p>Despite occasional shifts to online learning, on-campus supports continued to be offered to students throughout 2021/22, along with referrals to community services, as appropriate. Community resource lists are updated annually and students who call Counselling Services after hours continue to be connected to off-campus services. The Calgary Post-Secondary Mental Health Coordinating Committee furthered its work with primary care and Alberta Health Services to understand the scope of services available and to facilitate mechanisms for transitions between services.</p> <p>Numerous campus services and programs increased self-management and coping skills training and awareness. Provision of skills training, access to online resources and peer-based supports are part of a holistic framework that supports students' overall health and well-being beyond dedicated on-campus services. Mount Royal subscribed to Therapy Assistance Online and Together All services to enhance student access to after-hours tools curated to provide support for issues impacting mental health and well-being.</p>

Institutional goal:

Deliver personalized learning experiences for all students

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
<p>Expand transitional support programming that provides year-round support for first-year students</p>	<p>To address the blended learning delivery model for the year, new student programs were delivered online and in-person. Additionally, orientation programming was adapted from two days of programming to transitional programming throughout the first year of a student's academic studies. This year, long-standing financial barriers for orientation events were removed through the elimination of the New Student Orientation registration fee. 2,172 students attended orientation activities, an increase of 33% over the previous year. There were over 1,000 students and family members attending campus tours. To facilitate the development of connections with other students, 15 online social meetups were hosted by 20 student leaders. These events created opportunities for students to find peers with similar academic and personal interests.</p> <p>In order for students to thrive, academic transition support must be provided to students, especially in their first year. Student Learning Services worked with faculty to provide in-course training on program-specific study success tips and strategies (e.g., business, nursing, social work, and early learning and child care). 440 first-year students attended one-on-one appointments with learning strategists and 320 first-year students attended peer learning sessions to improve their academic success.</p>
<p>Increase student retention rates</p>	<p>The first- to second-year retention rate, as reported to the Consortium for Student Retention Data Exchange (CSRDE), increased from 85.9% in 2019 to 87.3% in 2020, the most recent year for which data is available. CSRDE provides a measure of first-time university students enrolled in at least 80% of a full course load in a degree program. In assessing the entire cohort of students enrolled in degrees at Mount Royal, the Fall 2020 cohort retention rate was 83.3%, compared to a rate of 84.1% achieved in the previous year.</p> <p>Early Support has implemented services to support students to restart their studies after being required to withdraw. This service ensures students have access to individualized support and increased skills to address issues that had previously adversely impacted their academic progression.</p> <p>Central academic advising services is a key for students to progress through their academic program and provides general support for all students who may be experiencing challenges associated with program choice or general registration questions. Academic Advising completed 4,011 appointments, of which 28.4% were related to requests for transferring to an alternative Mount Royal program.</p>

Achieve a higher percentage than the comparator group of students rating their overall educational experience as excellent or good	Among fourth-year students at Mount Royal, 88% rated their entire educational experience at the institution as excellent or good, nine percentage points more than students at Canadian comparator institutions. (Source: NSSE 2020)
Increase support for the creation and use of Open Education Resources (OERs) across programs	In 2021, the Library and the Academic Development Centre (ADC) partnered to create an Open Educational Resources Grant program to encourage the integration of OERs into the classroom. Recipients receive funding and support from the ADC and the Library to re-use or customize existing OERs or engage in other forms of pedagogy related to the use of open materials. Mount Royal continues to provide access to and support for the Pressbooks platform, a publishing tool that is used to create, adapt and publish open books.

Institutional goal:

Create high-impact experiences in and out of the classroom

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Maintain the percentage of first-year students at Mount Royal who reported having very much/some success feeling as if they belong at the university	The proportion of first-year students saying, as part of their transition to university, they had very much/some success feeling as if they belonged at Mount Royal decreased to 77% in 2022 from 85% in 2019. This decrease may reflect continued pandemic-related disruptions to the student experience (about one-third of courses were delivered fully online). Similar decreases for this item were observed between survey administrations in the results of Mount Royal's comparator group. (Source: CUSC 2019 and 2022)
Increase student participation in community-building programs and services	From 2017 to 2020, a similar proportion of first- and fourth-year students said that they spent time doing community service or volunteer work in a typical week. In 2017 and 2020, 41% of first-year students spent time doing community service or volunteer work in a typical week. Among fourth-year students, 53% spent time doing community service or volunteer work in a typical week in 2017, compared with 50% in 2020. (Source: NSSE 2017 and 2020)
Increase participation in student leadership opportunities	<p>Compared with 2017, first-year students in 2020 were slightly less likely to say they had held a formal leadership role in a student organization or group, decreasing from 7% to 4%, likely a result of pandemic impacts. The percentage of fourth-year students remained consistent between 2017 and 2020, with about one in four students in leadership roles. (Source: NSSE 2017 and 2020)</p> <p>A Student Leadership Coordinator position was created to strategically enhance leadership opportunities and training across Mount Royal services. The coordinator is implementing a leadership development program that provides training recognition for students who gain and demonstrate leadership skills through leadership opportunities such as peer learners, residence advisors and orientation leaders.</p>

Institutional goal:

Foster a safe and positive work environment

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Demonstrate evidence of broad cultural, ethnic, religious, sexual orientation, abilities, gender and age diversity among faculty, staff and management	Renewed access to 4 Seasons of Reconciliation training and offered unconscious bias training for faculty, staff and management. Identified additional faculty, staff and management training requirements to support Equity, Diversity and Inclusion (EDI), and indigenization and decolonization. Updated and enhanced the wording on position descriptions and job postings to better showcase Mount Royal's commitment to building a diverse and inclusive workforce. Expanded institutional support in the areas of mental health awareness and resources, and rebranded the wellness website.
Ensure workspaces are inspected for hazardous conditions at regular intervals and are conducive to a safe work environment	Workspace inspections are scheduled and conducted on a quarterly basis within identified areas with increased hazard levels, or more generally where there is support from a Safety Advisory Group. Inspections will begin to cover more campus workspaces as new Safety Advisory Groups are formed and trained to conduct inspections.
Increase the percentage of employees who have completed the basic health and safety orientation	New training modules for violence and harassment in the workplace along with health and safety basics underwent development. The delivery of these training modules is expected to begin in Fall 2022.

SYSTEM GOAL:

DEVELOP SKILLS FOR JOBS

Institutional goal:

Provide high-impact or capstone work-integrated learning experiences

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Expand student work experience and work-integrated learning opportunities	<p>Work-integrated learning (WIL) placements grew to 665 in 2021/22 from 592 in 2020/21. New winter offering of Orientation to Co-op resulted in increased participation in co-operative education, from 208 students in 2020/21 to 252 in 2021/22.</p> <p>In 2021/22, 54 students graduated with a co-op notation, marking completion of three co-operative education terms during their degree studies at Mount Royal.</p> <p>In March 2022, Mount Royal and six other Calgary post-secondary institutions partnered with Calgary Economic Development (CED) to launch the Calgary WIL Consortium, targeting the community's ability to scale WIL and support economic growth. The Government of Alberta, Future Skills Centre and the City of Calgary provided funding for this multi-year project.</p> <p>Mount Royal received \$104,400 in funding from Co-operative Education and Work-Integrated Learning Canada (CEWIL Canada), which directly supported 58 students.</p> <p>A new partnership was initiated with Mitacs; their Business Strategy Internship Program awarded \$55,000 to three students who completed three undergraduate research projects with industry partners in Fall 2021 and Winter 2022.</p> <p>Finally, a three-year partnership was established with the Calgary Police Service to support students with \$75,000 in WIL funding.</p>
Expand student community engagement and Community Service Learning (CSL) opportunities	<p>There were 50 CSL courses offered in 2021/22, a slight reduction from the previous year due limited programming during the pandemic.</p> <p>In 2021 (the latest year for which graduating student survey data is available), 11% of Mount Royal graduating students said they participated in service learning as part of their program, which was consistent with 2018 results, where 11% of graduands said they had participated in service learning. (Source: CUSC 2018 and 2021)</p>
Increase the number of students participating in internship, co-op, practicum and clinical placements	<p>From 2018 to 2021, the percentage of graduating students who said they had participated in work-integrated learning experiences was consistent (58% in 2018; 61% in 2021). (Source: CUSC 2021)</p>
Increase the number of graduates with a Community Service Learning (CSL) citation	<p>In 2021/22, Mount Royal had 357 graduates with a CSL citation on their transcripts. Due to the change in the reporting year, we are unable to provide a year-over-year comparison.</p>

Institutional goal:

Provide students with a liberal education

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Develop collaborative interdisciplinary programming	We anticipate that the recently completed General Education program review will provide recommendations related to the delivery of interdisciplinary programming across campus for 2022/23.
Maintain the high proportion of graduates reporting that they have strong critical thinking and problem-solving skills	When asked about their ability to apply skills related to their employment as a result of their program, 96% of recent Mount Royal graduates who were employed said their program had at least moderately prepared them to analyze information, and 95% said they were at least moderately prepared to solve problems. (Source: Mount Royal 2020 Graduate Follow-up Survey)
Implement the recommendations for General Education that resulted from the program review	The General Education program review was completed in Spring 2022. The new chair has been chosen and work has started on the Advancement Plan.

Institutional goal:

Enrich the student academic experience through participation in research projects

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Ensure graduates have gained experience in conducting research and developed transferable analytical skills in the research process	<p>Mount Royal's undergraduate student engagement in research and scholarship rose above pre-pandemic numbers. Students had opportunities to participate in research through honours programs, course work, community engagement and faculty-led research projects. The 2021/22 Research and Scholarship Days, which showcased student research output, was a mix of online and in-person events. For the first time in three years, poster presentations were held on Main Street. More than 90 projects were presented by almost 200 students.</p> <p>From April 2021 to March 2022, 157 research assistants (RAs) were hired. RA experiences for Mount Royal undergraduates lead to an understanding and applied execution of research and scholarship activities including literature reviews, data gathering, data analysis, critical thinking, writing, oral presentations and publications.</p>
Increase the number of students participating in research projects	In 2020, 5% of first-year students and 21% of fourth-year students said they had worked with a faculty member on a research project, similar to 2017 results, where 3% of first-year students and 22% of fourth-year students said they had engaged in this activity. (Source: NSSE 2017 and 2020)

SYSTEM GOAL:

STRENGTHEN INTERNATIONALIZATION

Institutional goal:

Internationalize our university

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Increase international student enrolment	Total international student enrolment in the Learner and Enrolment Reporting System (LERS) programs was 2.6% for 2021/22, compared to 2.2% for 2020/21. Despite the increase, total international enrolment continued to be negatively impacted by pandemic-related decreases in international registrations in the English Language Program (a phenomenon experienced by most post-secondary institutions across the globe), as well as cancelled international partnerships and contracts that were contingent on travel and in-person learning. Given the foundations established for internationalization at Mount Royal, growth in international student enrolment is expected to be realized in 2022/23 and beyond, when exchange agreements and contracts can be resumed.
Establish new international partnerships for study abroad opportunities	Existing partnerships are reviewed annually for currency and activity level. As a result of this review, some partnerships are removed while others are renewed. New partnerships that are deemed to be compatible with Mount Royal's objectives and students' needs are added each year. Due primarily to the pandemic, no partnerships were added in 2021/22.
Enhance international student supports	The International Student Support Centre developed and delivered a robust slate of academic, personal and social programming for international students, launching 18 online events and 20 in-person events for students in the 2021/22 academic year. In this reporting period, comprehensive support was provided by the Office of International Education to international students planning to enter Canada for academic study. Students continued to be advised on pandemic protocols as outlined in the MRU International Student COVID-19 Plan, which was required to maintain eligibility to host international students during the pandemic, and qualified Mount Royal as a designated learning institution with a COVID-19 readiness plan. In addition, the Office of International Education continued to provide immigration advising to students.
Increase university-wide coordination of international field school opportunities, in order to increase student participation	As a result of health and travel restrictions, Mount Royal students did not participate in previously scheduled field schools in 2021/22. However, International Education worked closely with three academic departments and students selected to participate in Summer 2022 approved field schools. Resumption of field school activities is anticipated in 2022/23 and beyond.

Expand inbound and outbound exchange and semester-abroad student participation	Prior to the pandemic, approximately 12% of degree graduates were registered to study abroad through semester-long exchanges, field schools and international work experience initiatives. No students participated in outbound semester-abroad exchanges in 2021/22 due to pandemic-related global travel and health restrictions. However, Mount Royal hosted 79 inbound students for the fall and winter semesters.
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SYSTEM GOAL:

IMPROVE SUSTAINABILITY AND AFFORDABILITY

Institutional goal:

Fundraise with intention

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Grow Mount Royal's endowment fund to support student scholarships and bursaries	As of March 31, 2022, Mount Royal's student awards endowment fund totaled \$47.5 million, an increase of \$3.7 million over the previous year. The Foundation remains confident that the goal of growing the endowment to \$50 million by 2025 will be met.
Increase the proportion of Mount Royal's annual operating budget dedicated to bursaries, scholarships and awards	For the 9-month fiscal year from July 1, 2021, to March 31, 2022, Mount Royal spent \$4.6 million on student awards; this compares to \$4.7 million spent for the 12-month fiscal year ending June 30, 2021. The proportion of the annual operating budget spent on student awards increased to 2.7% from 2.3%, continuing the progress toward the target of 3% by 2025.
Increase the proportion of students who receive bursaries, scholarships and awards	The total number of students receiving student awards decreased in the past year to 2,307 from 2,441; 20.9% of unique full-time students (excluding Academic Upgrading) received University-administered awards.
Increase in the proportion of student awards funded through philanthropic commitments rather than operating dollars	Each year, the proportion of student awards funded through donations increased, easing the burden on the university's operating budget. In 2021/22, an additional \$2.6 million raised through fundraising was made available for student awards. This represents a 183% increase over the previous year.

Institutional goal:

Seek equitable, stable and predictable government/regulated funding, and increase efficiency

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
<p>Develop a financial plan designed to achieve long-term strategic goals, with an operating budget that does not require the use of reserve funds to support base program and service delivery</p>	<p>Mount Royal approved a three-year budget plan predicated on anticipated provincial funding and increased tuition fees, in compliance with the Tuition and Fee Regulation (TFR), and enrolment stability.</p> <p>The 2021/22 fiscal period was nine months long due to the change in year-end. The fiscal plan for 2021/22 was conservative as it was developed in late-2020/early-2021, when pandemic restrictions were still in effect.</p> <p>The operating budget for the 2021/22 nine-month fiscal period did not require the use of reserve funds to support the base program and service delivery.</p>
<p>Repurpose vacant and unusable spaces in the main building (former Library and Conservatory space) as a cost-effective means of increasing instructional capacity</p>	<p>Two capital construction projects valued at \$65 million will be completed within the next four years to develop space in the Lincoln Park Building, which was vacated by the opening of the Taylor Centre for the Performing Arts and the Riddell Library and Learning Centre. Three Canada Foundation for Innovation (CFI) projects are creating new lab and classroom spaces.</p>
<p>Reduce the cost of delivery per FLE with respect to Mount Royal's comparators</p>	<p>It is not possible to produce a total operating expenditures per FLE measurement for 2021/22, as the fiscal year was only nine months long. This figure will be produced again for 2022/23 and beyond.</p>

Institutional goal:

Diversify our revenue sources and capitalize current assets

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
<p>Review opportunities for strategic incorporation of commercial amenities in planning for new development or renovations of existing facilities, to enhance revenue generation</p>	<p>The license plate recognition (LPR) program is moving forward. Funding has been secured and a Request for Proposal for a complete parking management system integrated with LPR functionalities will be released in Fall 2022 for implementation on July 1, 2023. The current Parking and Transportation Services management software system has been extended to June 30, 2023, to accommodate this work.</p> <p>The Campus Store has entered into an Agreement with NetSuite (Oracle) and is working on the implementation of a new inventory management and point-of-sale system to be fully operational in Fall 2022. This work is heavily supported by Finance and ITS.</p> <p>MRU Camps were not held in July 2021 as a result of pandemic restrictions, but they resumed fully in July 2022.</p>
<p>Maximize revenue generation through rental of the Bella Concert Hall and other campus spaces to external groups</p>	<p>An MOU between Parking and Transportation Services and Cougars Athletics and Recreation was signed to help support business-building initiatives.</p>
<p>Increase revenue from sales of services and products</p>	<p>While pandemic mandates and restrictions combined with the shortened fiscal year resulted in a parking revenue decline, revenues exceed the conservative budget.</p> <p>The Parking and Traffic Bylaws were approved by the Board of Governors and will be implemented on July 1, 2022. New parking rates will begin on Sept. 1, 2022.</p> <p>There were a number of attempts at reopening Mount Royal performance and event spaces in 2021/22. Pandemic restrictions in September and December shut down several theatre and conference venue performances and events. Meanwhile, Mount Royal hosted significant film industry activity during the pandemic, creating new revenue streams from film and television productions.</p> <p>Event and Theatre Services moved forward with bookings again in March 2022 and the demand for venue rentals quickly returned to pre-pandemic levels. Planning also began in March to relaunch the Taylor Centre for the Performing Arts Concert Season in Fall 2022.</p>

Institutional goal:

Promote environmental sustainability

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Enhance environmental sustainability practices through educational campaigns that are designed to change the behaviours of building users	Poster campaigns, sustainability fairs and directed messages were used to create awareness that everyone has a role to play and an ability to influence Mount Royal's environmental footprint.
Reduce consumption and cost per square foot	Ongoing work in this area included fine-tuning building automation systems to maximize efficiency and lower consumption. LED relamping replaced an inefficient lighting system. The irrigation system was integrated with weather stations and moisture sensors in the turf to ensure watering is based on soil need as opposed to schedules. Capital renewal activity included modernization and environmental impact in all projects.
Achieve a 'gold' level rating in the Association for the Advancement of Sustainability in Higher Education's (AASHE) Sustainability Tracking, Assessment and Rating System (STARS) program for environmental sustainability	Activity to manage the Mount Royal's STARS rating was coordinated by Facilities Management, the Institute for Environmental Sustainability and the Sustainability Working Group. Pan-campus efforts were made to support awareness and activity relative to maintaining or increasing points towards earning a 'gold' rating.

Financial information

Management's discussion and analysis

This Management Discussion and Analysis (MD&A) report is to provide readers of Mount Royal University's financial statements with management's opinion of the financial performance and operating activities for the University's nine-month fiscal period ended March 31, 2022. This supplemental financial information should be read in conjunction with Mount Royal's consolidated financial statements and accompanying notes. The MD&A and audited financial statements are reviewed and approved by the University Board of Governors on the recommendation of its Audit and Risk Committee. The University's consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

The following provides an overview of the financial results achieved during the nine-month period ended March 31, 2022, with discussion and analysis of the following areas:

- Economic and operating environment
- Financial health indicators
- Financial risk
- Summary of financial results

Economic and operating environment

Public health restrictions continued to impact the University's operations during the nine-month period ended March 31, 2022. The University experienced challenges from staffing recruitment to supply chain management. Due to the fluidity of the pandemic, the majority of summer courses were offered online whereas fall semester courses were delivered primarily in person. The winter semester commenced online and shifted to a ratio of 70% in-person to 30% online courses by the beginning of March.

There was a minimal decrease in total year-over-year registrations, attributable to changes in student course-taking behaviours which altered as a result of the pandemic. The mandated introduction of health protocols, including vaccination requirements in Fall 2021 in order to maintain in-person learning, also negatively impacted enrolment behaviours, both in admissions as well as registrations. However, the University remains focused on serving a wider learner population provincially, nationally and internationally by creating and communicating knowledge and by meeting the needs of the labour market in fields related to its program areas.

In 2022/23, the University's objective is to offer primarily in-person classes, maintain on-campus program activities and shift to a return to normal operations for all retail and ancillary services provided to the campus community.

For the nine-month period ended March 31, 2022, the Campus Alberta operating grant represents 38.2% of total revenue funding University activities. It is important to note that total tuition revenues, both credit and non-credit, represent 40.0% of revenue to the University which is outpacing the Campus Alberta Grant funding. The new provincial performance-based funding model, Investment Management Agreement (IMA), puts increasing amounts of operating funding at risk as it makes a portion of the University's base operating grant conditional upon achievement of a number of performance metrics.

Beginning fiscal 2022/23, the University entered into a three-year IMA (April 1, 2022–March 31, 2025) with the Ministry of Advanced Education. The base operating grant is tied to the achievement of metrics each year. The total at-risk funding increases each year from 15%, to 25% and to 40%. At this time, the University anticipates it will successfully achieve these performance metrics thus avoiding any reductions in the base operating grant.

In March 2022, the Board of Governors approved a three-year balanced budget plan (2022/23–2024/25) that continues to prioritize the University's academic mission. The plan includes assumptions for sustained enrollment, additional faculty positions, a return to more on-campus activities and continued investments in learning environments.

Starting in 2021/22, the University changed its fiscal year-end to March 31 to coincide with that of the Government of Alberta, reducing red tape and the administrative burden in reporting and consolidation with the Government of Alberta.

This change was approved by the Minister of Advanced Education in January 2021.

The detailed financial results included in the consolidated financial statements reflect the fiscal period consisting of the nine-month period ended March 31, 2022, as compared to the 12-month period ended June 30, 2021. As a result, the two periods are not directly comparable.

Financial health indicators

Mount Royal's long-term economic sustainability is critical to the continued delivery of the University's mandate and rich program mix of undergraduate studies. The University considers the following financial health metrics as indicators of its financial strength:

- **Net Asset position:** The University's net assets performance measure provides important information regarding its financial health and sustainability. It measures the economic resources accumulated through operations since inception that either have exceeded the operating requirements from prior years or have been set aside to support future operations.

As of March 31, 2022, Mount Royal's total accumulated net asset balance was \$164.9 million (2021: \$147.7 million). The balance consisted of:

- \$65.3 million (39.6%) in endowments held in perpetuity
- \$45.6 million (27.6%) related to the accumulated net investment in tangible capital assets since the University's inception

- \$34.9 million (21.2%) related to internally restricted funds and reserves, and
- \$19.1 million (11.6%) relates to the University's accumulated operating surplus

The nine-month period ended March 31, 2022, resulted in an operating surplus of \$16.4 million (2021: \$8.3 million). After consideration for changes in net assets was given, \$14.5 million (2021: \$9.5 million) was allocated to internally restricted surplus for future use.

The accumulated operating surplus balance at March 31, 2022 was \$19.1 million (2021: \$21.4 million), comprising of \$2.0 million (2021: \$1.5 million) in accumulated surplus and \$17.1 million (2021: \$19.9 million) in accumulated remeasurement gains. Note 13 to the consolidated financial statements contains a more comprehensive view of the University's accumulated operating surplus.

- Net Financial Assets is a measure of Mount Royal's capacity for its financial assets to cover liabilities and fund future operations. The net financial assets, excluding portfolio investments restricted for endowments, recovered from a negative position balance of \$9.0 million at the end of June 30, 2021, to a positive balance of \$4.9 million at the end of March 31, 2022. This positive net financial liquidity was mainly achieved due to the effective utilization of the University's working capital and change in the fiscal year from June to March. This significant increase reflects the University's strong liquidity position as at March 31, 2022, with no borrowing on its \$40.0 million (2021: \$40.0 million) revolving operating line of credit. The University's liquidity requirements

are met mainly through operating cash flows, working capital balances and capital renewal funding from provincial grants. Included in the March 2022 net financial assets balance is \$77.0 million (2021: \$75.2 million) of portfolio investments restricted for endowments. The economic value of the endowments is required to be maintained in perpetuity and cannot be used to cover liabilities or future operating or capital purchases.

Financial risks

Mount Royal has remained focused on a safe and robust return to campus during these challenging pandemic times. The University's focus was on increasing on-campus activities while at the same time prioritizing investment in learning environments to maintain high-quality, impactful programs and student support services. As a University with significant potential growth, there are risks associated with these opportunities. Mount Royal's approved budget for 2022/23 reflects several assumptions to mitigate the most significant financial risks:

- Revenue-generating opportunities persist with uncertainties as to the magnitude and pace of the economic recovery and its direct impact to ancillary operations. The ancillary areas could be significantly impacted if the revenue sources do not recover to pre-pandemic levels.
- Enrolment remains an area of uncertainty resulting in application processes to adapt and focus on supporting stability in student enrolment. While some risk remains in achieving enrolment targets, the University's enrolment trajectory is anticipated to remain

stable in 2022/23 and has been budgeted as such. Modest international student enrolment growth is projected over the next three years.

- Global supply chain disruptions and elevated inflation became unpredictable under the strain of unprecedented demand and restricted logistics capacity experienced globally. The University is not immune to these challenges. As a result, a number of one-time funded projects, including investments in classroom and information technology infrastructure upgrades approved in the 2021/22 fiscal period are expected to be completed subsequent to March 31, 2022. The budget plan for 2022/23 includes funds for the completion of these one-time initiatives.

Summary of Financial Results

Mount Royal ended the nine-month period of July 1, 2021, to March 31, 2022, with an operating surplus of \$16.4 million compared to \$8.3 million for the twelve-month period ended June 30, 2021. This operating surplus was mainly driven by one-time and exceptional factors experienced throughout the period.

The University's fiscal year-end was changed to align with the Government of Alberta's year-end of March 31st. This resulted in a shortened fiscal period being reported in the financial statements equivalent to a nine-month period from July 2021 to March 2022. Due to the nature of the University's operations, revenue activity is concentrated in the period of July to March, while expenses normally exceed revenue during April 2022 to June 2022. As

the period reported in the nine months ended March 31, 2022, was from July to March, revenue exceeded expenses.

Other key factors included supply chain challenges, largely the result of economic forces causing delays in receipt of goods and therefore in spending. Furthermore, uncertainty related to the pandemic and significant recruitment challenges resulted in many budgeted positions remaining vacant during the period. The University also benefited from unexpectedly realized gains on investment income due to strong performance in the markets as well as from the rebalancing of its investment portfolios.

Net assets increased by \$17.2 million from the previous year to \$164.9 million (\$147.7 million in 2021). The growth is mainly due to an increase in the operating surplus and an increase in the fair value of endowments.

Consolidated statement of financial position

Mount Royal University's consolidated statement of financial position provides financial information on the University's financial health and sustainability at the end of March 31, 2022.

Cash and portfolio investments

The total of cash and portfolio investments (non-endowment) increased by \$16.8 million from the prior period. The increase is due to the reinvestment of portfolio dividends in December 2021 and the timing of expenditures due to the change in fiscal year-end.

Portfolio investments restricted for endowment purposes increased by \$1.8 million from the prior period. Further portfolio investment details are described in Note 5 to the consolidated financial statements.

Accounts receivable

The accounts receivable balance primarily consists of \$9.0 million owed to the University from the Students' Association of Mount Royal University (SAMRU). This is in reference to a mortgage held on behalf of SAMRU to finance the expansion to the Wyckham House Student Centre. The mortgage balance is reported in Note 9 to the University's consolidated financial statement.

Accounts receivable also includes amounts owing from students and commercial clients. An overall decrease of \$1.1 million from prior period balances was achieved from the collection of commercial client accounts.

Accounts payable and accrued liabilities

The University's accounts payable and accrued liabilities include outstanding vendor invoices, construction holdbacks, student deposits, payroll liabilities and vacation entitlements. There was an increase of \$5.3 million in accounts payable and accrued liabilities from the prior period which was largely attributable to an increase in vendors' invoices related to the campus renovation of vacated spaces as well as students' deposits for future terms and timing of the new fiscal year changing from June to March.

Employee future benefit liabilities

Employee future benefit liabilities include long-term disability, supplemental retirement plans and employee-funded future leaves. The employee future benefit liabilities decreased by \$0.1 million primarily resulting from a decreased obligation for employees on long-term disability.

Debt

At the end of the fiscal year, \$44.4 million was accumulated in debt for infrastructure-related projects. This balance includes \$9.0 million that is owed to the University by SAMRU. This is reported in the University's accounts receivable balance. The University's debt decreased by \$3.3 million from the prior period as a result of ongoing repayments on loans to the Ministry of Treasury Board and Finance. Details are in Note 9 to the consolidated financial statements.

Deferred revenue

Deferred revenue includes tuition and fee amounts collected in advance of future periods. It also includes contributions received for targeted initiatives or intended for specific purposes that will be spent in the future. These contributions include endowment interest, conditional grants, research grants and restricted donations. Further details about deferred revenue can be found in Note 10 to the consolidated financial statements.

Tangible capital assets

The overall decrease in the net book value of capital assets by \$2.7 million is primarily due to the outpacing of amortization expenses

over capital asset acquisitions. The University experienced reduced capital spending levels as compared to the last fiscal period. Capital acquisitions of \$8.3 million were lower than amortization of \$11.0 million leading to the overall decline in the net book value of tangible capital assets. Further information is in Note 12 to the consolidated financial statements.

Spent deferred capital contributions

Spent deferred capital contributions are comprised of externally restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue). The grants and donations are recorded as revenue in the same manner as the capital

assets funded by them are amortized. The spent deferred capital balance of \$242.7 million as of March 31, 2022, is related to grants and donations committed for the construction or renovation of campus buildings. Details are in Note 10 and 11 to the consolidated financial statements.

Net assets

Net assets are the University's accumulated operating surplus, internally restricted surplus, investment intangible capital assets, endowments and accumulated remeasurement gains. Net assets increased by \$17.2 million (11.6%) from the prior period and is further disclosed in the following table:

	AS OF MARCH 31, 2022 (MILLIONS)	AS OF JUNE 30, 2021 (MILLIONS)	INCREASE (DECREASE) (MILLIONS)	% CHANGE
Accumulated operating surplus	\$2.0	\$1.4	\$0.6	42.9%
Internally restricted surplus	\$34.9	\$22.1	\$12.8	57.9%
Investment in tangible capital assets	\$45.6	\$42.6	\$3.0	7.0%
Endowments	\$65.3	\$61.6	\$3.7	6.0%
Accumulated remeasurement gains	\$17.1	\$20.0	(\$2.9)	(14.5%)
Total	\$164.9	\$147.7	\$17.2	11.6%

Accumulated operating surplus

The accumulated operating surplus is the net result of the University's operating surpluses or deficits since inception. These are amounts which have not been designated for specific purposes through internally restricted appropriations or invested in tangible capital assets.

The net increase in accumulated operating surplus of \$0.6 million is mainly due to the period operating surplus of \$16.4 million, followed by the recovery of operating expenses funded from internally restricted surplus of \$0.5 million. This was offset by investments in tangible capital assets from internally generated funds spent on capital for \$1.8 million, and by \$14.5 million related

to replenishing the University's internally restricted surplus funds for capital renewal.

Internally restricted surplus

The total internally restricted surplus increased by \$12.8 million, comprising an allocation to the capital renewal fund of \$14.5 million, partially offset by current year disbursements of \$1.7 million in capital and operating activities. The details of the changes in reserves can be found in Note 14 to the consolidated financial statements.

Investment in tangible capital assets

The investment in tangible capital assets of \$323.8 million is funded by the following sources:

	AS OF MARCH 31, 2022 (MILLIONS)	AS OF JUNE 30, 2021 (MILLIONS)
Internally funded from accumulated operating surplus	\$45.6	\$42.6
Externally financed (through debt)	\$35.5	\$38.6
Externally funded (spent deferred capital contributions)	\$242.7	\$245.3
Net book value of tangible capital assets	\$323.8	\$326.5

The internally funded portion of \$45.6 million as of March 31, 2022, represents the University's contribution from its accumulated operating surplus invested in capital assets. This increased by \$3.0 million from June 30, 2021, as the result of new investment in capital assets through debt and other internal funding. See Note 12 to the consolidated financial statement for additional information on tangible capital assets.

Endowments

The University's endowments consist of contributions held in perpetuity which have been invested to generate investment returns to support annual scholarships and program spending. Endowments are a significant component of the University's Net Assets. Even though endowment contributions and capitalized investment income flows through the Statement of Operations into accumulated surplus, the capital must be held in perpetuity and is not available for spending on university operations. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

Endowments have increased by \$3.7 million from the prior fiscal period. This increase is due to new contributions from donors and additional investment income earned from the endowments, which are held to support inflation-proofing the endowments for future spending. The details of changes to endowments can be found in Note 13 to the consolidated financial statements.

Accumulated remeasurement gains

Remeasurement gains and losses are an instrument to adjust the investment portfolio to fair market value. As of March 31, 2022, the investment portfolio had a net remeasurement gain of \$17.1 million. The effect of the remeasurement gains is disclosed in the statement of remeasurement gains and losses of the consolidated financial statements.

Consolidated statement of operations

Mount Royal University's consolidated statement of operations presents the University's operating surplus, resulting from the nine-month period ended March 31, 2022 operating revenue and expense activities.

Consolidated statement of operations

Revenue

Total revenue for the nine-month period ended March 31, 2022, was \$183.5 million compared to \$212.8 million for the 12-month period ended June 30, 2021. This total revenue decrease of \$29.3 million (-13.8%) is mainly due to the shortened reporting period resulting from the change in fiscal year-end. Relative to budget, revenues increased by \$2.5 million due to more widespread reopening activities and greater investment income as compared to budget.

Grant funding streams

Government of Alberta grants represent the single largest source of funding to support the University operations at 43% of total revenues. Provincial grant revenue totalled \$78.9 million which was \$26.1 million lower than the prior year's grant revenue. The decrease over the prior year is mainly related to the University's Campus Alberta operating grant which decreased due to provincial funding reductions by 2.4% (\$1.8 million) as well as due to the nine-month operating results versus 12 months (\$22.9 million).

Student tuition and fees

Student tuition and fees were \$2.4 million under budget due to lower fall enrolments coupled with the application of greater winter term tuition deferral rates at year-end as compared to budget. The winter semester was 76.4% completed in the 2021/22 fiscal period whereas the budget assumed it would be 80% completed. Also contributing to this decrease were lower instructional hours related to the flight school program as the spring revenues were fully deferred at year-end and credit free tuition was under budget due to slightly lower winter enrolment as compared to budget.

Sales of services and products

Ancillary operations revenue increased by \$2.5 million from budget primarily as a result of implementing reopening plans that were different than originally anticipated in the budget. The following ancillary services reflect the major areas of change in revenue as compared to budget:

- Parking services revenue increased by \$1.3 million
- Residence services revenue increased by \$1.5 million
- Wellness services increased by \$0.3 million
- Bookstore sales decreased by \$0.3 million
- Conference and events revenue decreased by \$0.3 million

Donations and other grants

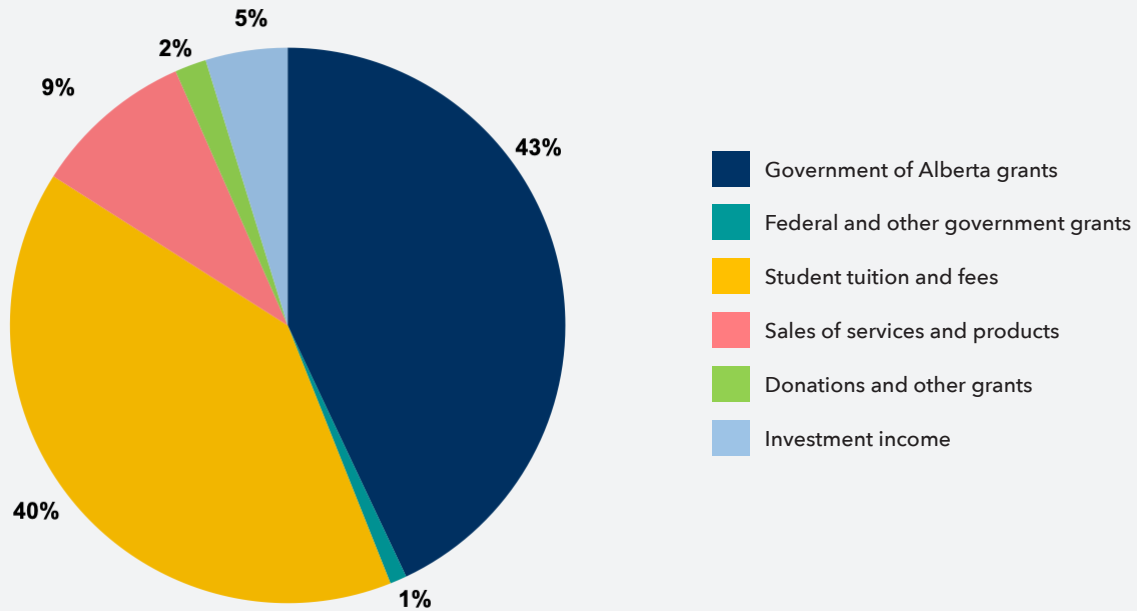
Donations and other grants increased by \$0.7 million as compared to budget. Most of this increase is due to scholarships and bursaries funded by donations that were not budgeted for the period.

Investment income

Investment income realized a positive variance of \$2.0 million as compared to budget as a result of unexpected capital gains.

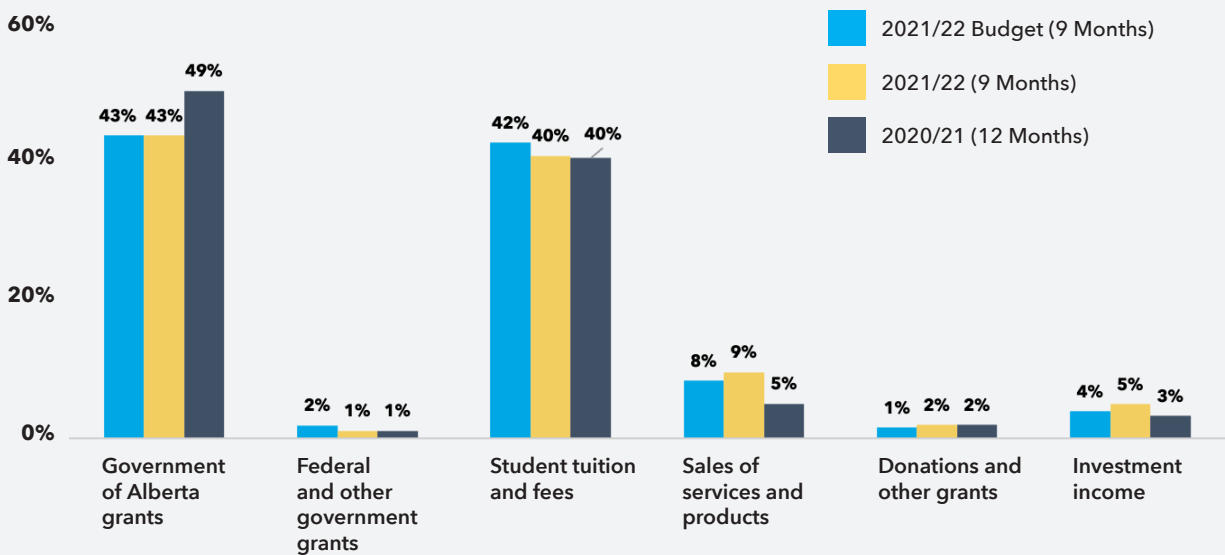
Revenues by Source 2021/22

Total revenue allocation between revenue sources for the nine-month period ended March 31, 2022:



Revenue Comparison

A comparison of the total revenue generated by source for 2021/22 budget (nine months), 2021/22 actuals (nine months), and 2020/21 actuals (12 months):



Expenses

Total expenses for the nine-month period ended March 31, 2022, were \$167.1 million, compared to \$204.5 million for the twelve-month period ended June 30, 2021. The decline is mainly a result of the change in fiscal year-end and the stub year reported at March 31, 2022. Expenses were \$14.0 million less than budget mainly due to delays in hiring for vacant positions as well as unspent budgeted funds as a result of challenging supply chain logistics.

Expenses by Function

Instruction and non-sponsored research

Instructional and non-sponsored research expenses were \$2.9 million less than budget. The decrease was attributed to cost savings resulting from vacant full-time and contract faculty positions as well as unspent one-time project dollars, lower activity in the flight school and lower-than-planned institutional overhead allocations.

Academic and student support

Academic and student support expenses were \$2.9 million under budget as a result of unspent one-time project dollars, reduced recruitment activities and vacancies, and reduced operations in Cougars Athletics and Recreation as a result of pandemic re-opening delays.

Facility operations and maintenance

Facility operations and maintenance were under budget by \$4.8 million due to higher-than planned-capitalization of projects and unspent contingencies, partially offset by increased utilities expense.

Institutional support

Institutional support expenses were \$5.2 million under budget due to lower IT contracted licensing fees, increased overhead allocations to ancillary operations and vacant positions.

Ancillary services

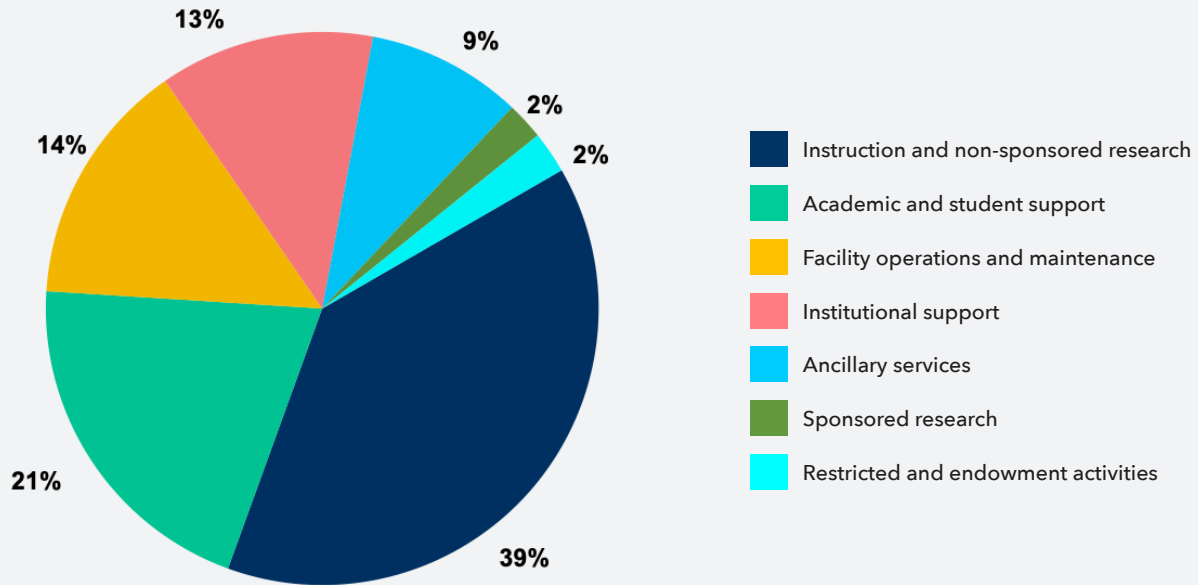
Ancillary expenditures were \$1.2 million over budget due to increased operating activity from reopening plans. These plans were more extensive than originally planned, resulting in greater overhead allocations. This increase in expenditures was offset by an increase in related sales and service revenue.

Sponsored research

Sponsored research exceeded budget by \$0.9 million due to unanticipated research related activities. However, the increased expenses were fully offset by associated grant revenue.

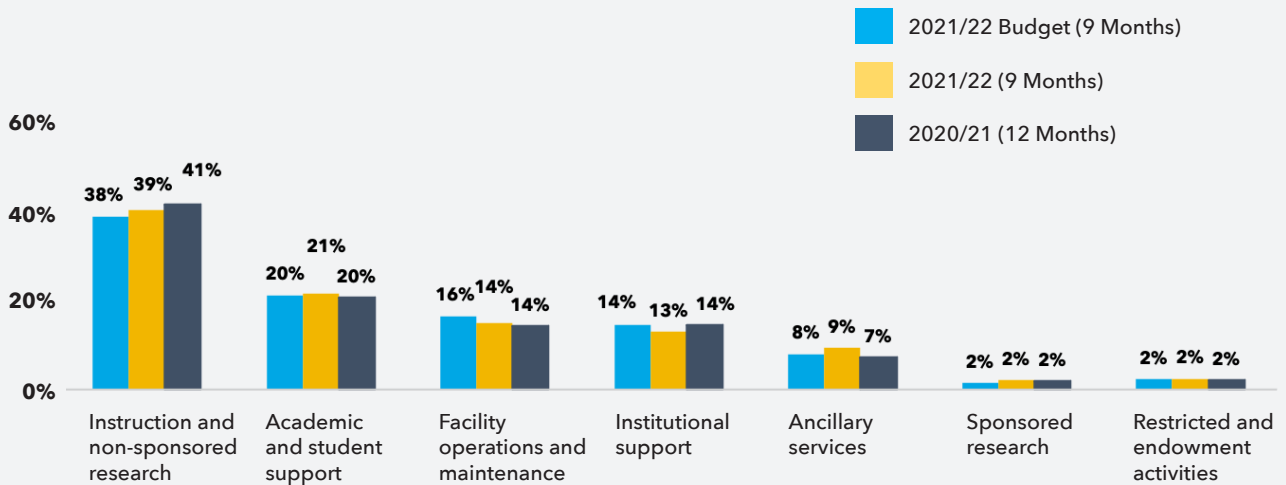
Expenses by Function 2021/22

Total expense allocation by function for the nine-month period ended March 31, 2022:



Expenses Comparison by Function

A comparison of the total expense by function for 2021/22 budget (nine months), 2021/22 actuals (nine months), and 2020/21 actuals (12 months):



Expense by Object

Salaries and benefits

Compensation expenses totalled \$115.0 million or 69% of the University's operating expenses in 2021/22. These expenses, which include employee benefits, were \$6.0 million under budget due to vacancies in faculty and staff positions and unspent one-time project funds. Casual wages were also lower than budget due to lower flight training hours, slower-than-planned reopenings of the recreation centre and events and theatre services.

Materials, supplies and services

A \$3.5 million positive variance as compared to budget in supplies and services was related to lower IT contracted licensing agreements, lower fuel and aircraft maintenance expenses as a result of fewer flight training hours, pandemic-related delays across campus and reduced student recruitment travel and advertising.

Cost of goods sold

A \$0.4 million positive variance as compared to budget in cost of goods sold resulting from lower than anticipated campus store sales and delays in reopening of events and theatre operations.

Scholarships and bursaries

\$0.4 million more in scholarships and bursaries as compared to budget was provided to students due receiving more donations than expected. This increased expense is fully offset by increased revenue.

Maintenance and repairs

A favourable variance as compared to budget of \$3.9 million in maintenance and repairs was due to unspent contingencies built into budget, coupled with the substance of many items budgeted here being capital in nature rather than repairs and maintenance.

Utilities

An unfavourable variance as compared to budget of \$0.7 million in utilities resulting from increased rates and consumption due to the market and more aggressive reopening plans than anticipated in the budget plan.

Amortization of tangible capital assets

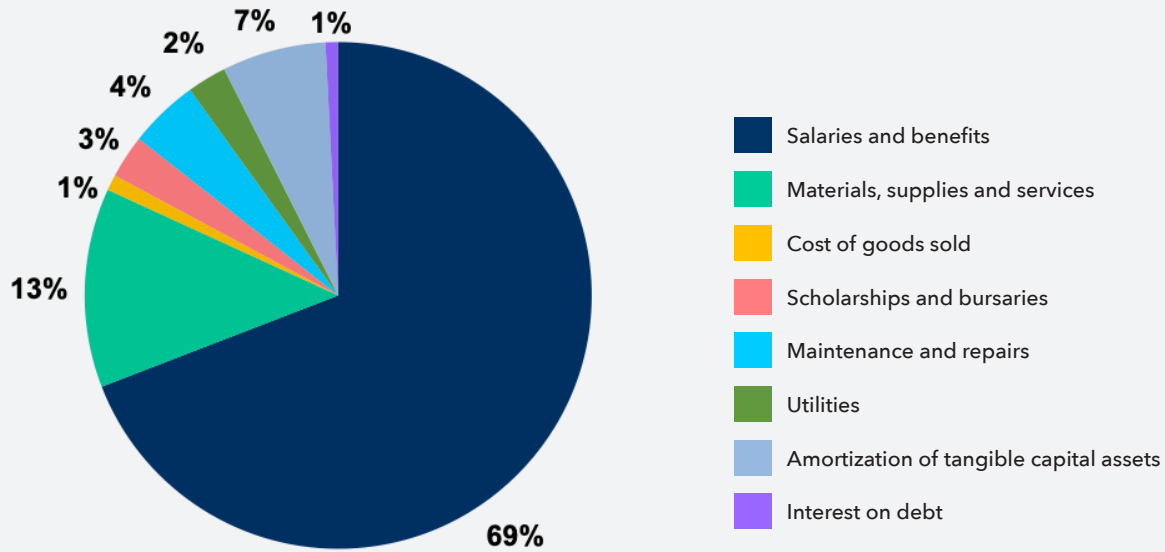
Amortization was overestimated in the approved budget, leading to a \$1.2 million positive variance.

Interest on debt

A \$0.1 million positive variance in interest on debt due to more favourable cash flow than anticipated, resulting in less reliance on the line of credit as compared to budget.

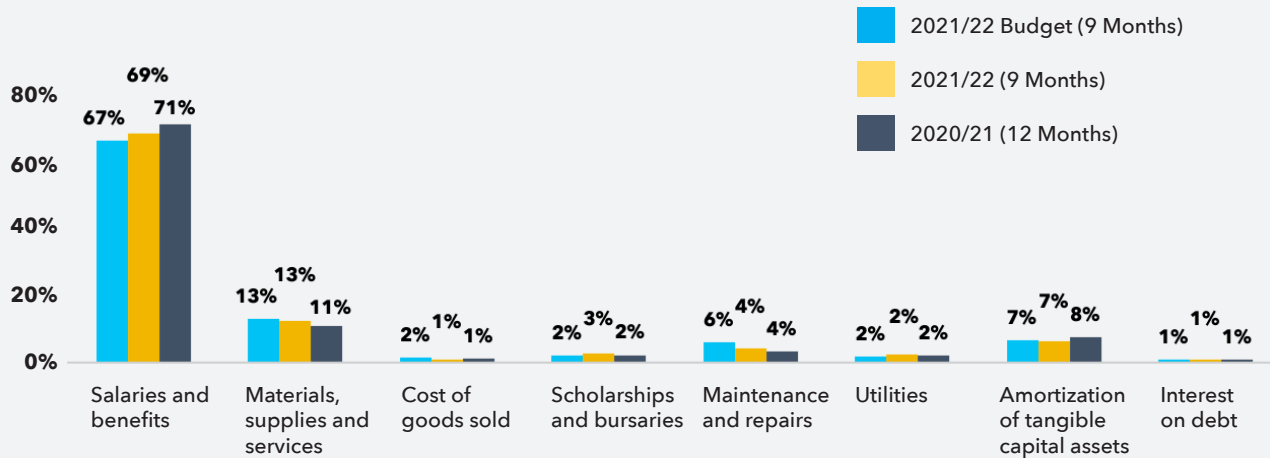
Expenses by Object 2021/22

Total expense allocation by object for the nine-month period ended March 31, 2022:



Expenses Comparison by Object

A comparison of the total expense by object for 2021/22 budget (nine months), 2021/22 actuals (nine months), and 2020/21 actuals (12 months):



Capital report

Capital construction

The project to repurpose spaces made vacant by the openings of the Taylor Centre for the Performing Arts in 2015 and the Riddell Library and Learning Centre in 2017 is well underway. This capital redevelopment is critical to the University in meeting its goal to increase student enrolment and enhance support for student success. The scope of the project includes repurposing the vacated Conservatory space (W-Wing) into classrooms and the vacated Library space (G-Wing) to include a new student plaza, study spaces, classrooms and centralized student services. Funding for this redevelopment includes a \$50 million capital grant from the Government of Alberta along with a \$15 million donation from the Taylor Family Foundation.

The creation of wildfire forensic and physiology labs with dedicated classrooms and a Podcast Studio were undertaken to support academic research with funding support from the Canada Foundation for Innovation.

Priority requests for future consideration

The University seeks to increase the size of its Aviation Diploma Program. This enrolment expansion requires a new hangar to accommodate the additional students, instructors and planes. In addition, Mount Royal is developing a degree proposal for a new

Bachelor of Aviation Management degree, with the first enrolment intake expected in Fall 2023.

A masterplan and functional program assessment of the Science and Technology space (B-Wing) was finalized to guide planning and prioritizing the development of this area and ensuring alignment with the changes being brought about by the Major Capital G-Wing project.

Capital infrastructure renewal

Capital renewal projects are funded through the Government of Alberta's Capital Maintenance Renewal program and are designed to address deferred maintenance, mitigate business continuity risks and reduce the University's environmental footprint.

Detailed breakdown of priority projects

Detailed breakdown of priority projects					
PROJECT TYPE	DESCRIPTION	TOTAL BUDGET	FUNDING SOURCE	PROJECT STATUS	PROGRESS MADE IN 2021/2022
Expansion	Repurposing existing facilities (W- and G-Wings)	\$65 million	Funding sources: GoA: 77% Donation: 23%	\$5 million received from GoA	W-Wing being finalized and ready for use in September 2022 G-Wing functional program and schematic design underway
Expansion	Repurposing research spaces including physiology, forensics and podcasting labs and classrooms (B-Wing)	\$3.1 million	CFI: 18.5% GoA: 18.5% MRU: 63%		
Other					
Proposed	Aircraft hangar	\$4.5 million	Funding source to be determined	Proposal submitted to GoA via the June 30, 2022, BLIMS submission	
Proposed	Science and Technology wing redevelopment	\$2.0 million	Funding source to be determined	Proposal submitted to GoA via the June 30, 2022, BLIMS submission	
Maintenance	Electrical distribution and emergency power upgrade	\$2.4 million	CMR: 100%	Project in progress	
Maintenance	Fire alarm upgrade	\$3.3 million	CMR: 100%	Project in progress	

Project timelines and status

PROJECT DESCRIPTION	PROJECT TIMELINES	PROJECT START	EXPECTED PROJECT COMPLETION	PROJECT STATUS	PROGRESS MADE IN 2021/2022
Repurposing existing facilities (W-Wing and G-Wing)	2019 – 2025	October 2019	W-Wing 2022 G-Wing 2025	In progress	W-Wing under construction with completion expected in August 2022 G-Wing functional program and schematic design underway
Repurposing research spaces for physiology, forensics and podcasting labs and classrooms (B-Wing)	2018 – 2022	July 2021	September 2022	In progress	All projects are in the final stages of completion
Aircraft hangar	Starting 2022			Submitted for funding	Funding TBD
Science and Technology Wing redevelopment	Starting 2022			Submitted for funding	Condition assessment and masterplan complete with high level costing; applied for funding for design development scope
Electrical distribution and emergency power system upgrade	April 2019 – May 2024	April 2019	Estimated May 2024	In progress	CMR funding approved (multi-year project)
Fire alarm upgrade	2020 – 2024	2020	2024	In progress	CMR funding approved (multi-year project)

Research, applied research and scholarly activities

Strategic Research and Scholarship Plan

Mount Royal faculty from across the institution conduct research, applied research and scholarly activity. This work is impactful, resulting in diverse forms of dissemination including academic publications, conference presentations, reports, op eds, media interviews and more. Impact extends to the classroom, knowledge creation or expansion, as well as informing best practices and policy. Research of all types is growing at Mount Royal, owing to our talented faculty, engaged students and community collaborations.

Mount Royal's Strategic Research and Scholarship Plan, *Discovery and Changemaking Through Research and Scholarship (2018-2023)*, reflects Mount Royal's growing capacity for research, applied research and scholarship. A central premise of the plan is that an exceptional undergraduate educational experience includes thoughtful integration of research and scholarship into the tenure of all Mount Royal students.

The Mount Royal learning community strives for excellence through the nexus of scholarly teaching and diverse research, with a strong emphasis on liberal education in

an undergraduate context. Faculty pursue research and scholarship to advance and apply knowledge, as well as to enhance the quality of teaching. The institution values research and scholarship across the full spectrum of creative, disciplinary, interdisciplinary, professional and applied realms. We are committed to supporting research and scholarship that address problems and concerns of local, regional, national and international communities. Mount Royal strongly values its partnerships with Indigenous communities. Research and scholarship at Mount Royal are enhanced through the leadership of institutes and centres. The University will continue to enhance its research capacity through the acquisition of external grants, scholarly partnerships and the growth of research chairs. Mount Royal values the quality and impact of scholarly activity over purely quantitative counts of output.

There is great opportunity for innovation and undergraduate research in Canada and beyond. The experiential contribution of scholarly inquiry in undergraduate education is transformational for students. Mount Royal is ideally positioned in this area. The institution is also poised to make valuable contributions to federal and provincial innovation priorities

related to diversifying the economy, mitigating environmental impacts, enabling cost-effective discovery, the development and production of natural resources, and enhancing the health and well-being of Albertans and Canadians. Research and scholarship at Mount Royal will contribute to the development of talent, ideas and knowledge mobilization for a prosperous future.

Sponsored research

Mount Royal faculty draw on various sources to support their research, applied research and scholarship, including Internal Research Grant Funds (IRGF) and external funding from organizations and Tri-Agency funding. Tri-Agency, comprising the three Canadian government research funding agencies—Canadian Institutes of Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC), and Social Sciences and Humanities Research Council (SSHRC)—is a major source of research funding for post-secondary institutions across Canada. Additionally, the Canada Research Chair (CRC) program is jointly administered by Tri-Agency. SSHRC funding supports research in our understanding and knowledge of individuals, groups and societies. NSERC funding primarily advances in knowledge in the natural sciences and engineering. Mount Royal has had notable success in SSHRC and NSERC funding in recent years. Continued growth is expected, especially with an increase in new full-time faculty hiring for the upcoming year. Growing success in research, applied research and scholarship is supported by dedicated resources in the Office of Research, Scholarship and Community Engagement.

Despite the uncertainty and challenges of the pandemic, Mount Royal faculty have remained committed to research and scholarship productivity. New Tri-Agency awards were granted to eight Mount Royal faculty members who were awarded nearly \$530,000 in total funding in the 2021/22 academic year. From July 2021 to June 2022, faculty submitted 18 Tri-Agency grant applications with a 44% success rate (8/18 awarded), constituting a commendable increase over the 2020/21 rate of 33% (6/18 awarded).

Building on the 2020/21 success of three Canada Foundation for Innovation (CFI) awards of more than \$1.1 million in funding with matching grants and the installation of three CRCs, we anticipate receiving two further CRCs in the upcoming year.

The Office of Research Scholarship and Community Engagement continues to provide support to faculty and students. In the 2021/22 academic year, the team offered 19 educational workshops to more than 100 faculty and students.

Mount Royal institutes

Institutes at Mount Royal continue to play a vital role in providing faculty and students with opportunities to collaborate in applied research, scholarship and community engagement.

The Institute for Innovation and

Entrepreneurship (IIE) is financed exclusively from community-raised donations, sponsorships, earned revenue and grants. IIE's mission has been to support the development of the high-impact talent that is essential to

Alberta's continued economic prosperity. This is accomplished by delivering transformative, community-engaged learning experiences.

IIE celebrated its tenth anniversary in 2021 and was renewed for another five years. The Institute engaged with almost 1,000 students, offering financial awards and paid work-integrated learning opportunities totaling \$150,000 in 2021/22.

IIE, in partnership with University Advancement, secured \$1.7 million in donations ensuring its financial stability and impact for years to come. Along with a \$500,000 donation from TD Bank, the Institute secured \$2.8 million in provincial and federal grants for the province-wide expansion of its Growth Catalyst program, which is set to trigger the creation of hundreds of new jobs and deliver millions in economic impact to Alberta over the next few years. These programs will also ensure more than 100 student internships in established Alberta businesses that have ambitions to become world leading.

The **Institute for Community Prosperity (ICP)** annually executes the Catamount Fellowship, a social impact leadership program for senior undergraduate Mount Royal students that is funded by the Suncor Energy Foundation. This program connects students with faculty supervisors and community partners.

ICP highlights in 2021/22 include the following:

- Former Catamount Fellow Kaitlyn Squires, who examined the issue of sex workers' access to health care, was one of four Canadian student competitors to advance to the global Map the System Final at the University of Oxford.

- ICP publications in 2021/22 covered the relevant and critical issues of aging, food security and measuring community performance.
- ICP will be launching a city-wide Centre for Social Impact Technology with an array of community partners, to be based at the Platform Calgary Innovation Centre.
- Institute Director James Stauch has been admitted as a Fellow to the U.K.-based Royal Society of Arts.
- Latasha Calf Robe has been awarded an NDN Changemaker Fellowship, a North America-wide leadership program for Indigenous changemakers.

The **Trico Changemakers Studio** is a social innovation, collaboration and learning space at the intersection of campus and community, bringing together community stakeholders, students and faculty from across disciplines, sectors and backgrounds to tackle the complex social and environmental challenges of our time. Over the past year, the Studio has engaged extensively with the external community on projects that included initiatives including Non-Profit Resilience Lab, Changemaker Conversations Project, Anitopisi Leadership Program, Art for Social Change, Artist as Changemaker and Blackfoot Lunch and Learn.

The **Institute for Environmental Sustainability (IES)** continues to support research and scholarship, student learning and engagement in the increasingly critical topic of environmental sustainability. Moving into its potentially final year, given restricted funding, the IES collaborated with industry, donors and other stakeholders to host events and projects

focused on parks and protected areas, wetlands, supply chain resilience, energy transition and fast fashion. Publications and presentations were created in association with these collaborations. The IES also leads the Sustainability Tracking, Assessment & Rating System™ (STARS®) initiative at Mount Royal.

Finally, Mount Royal continues to benefit from its affiliation with the **Miistakis Institute**, a not-for-profit, charitable, applied research institute. The Miistakis Institute specializes in evaluating complex environmental problems and using our diverse skill sets and tools to resolve them. Miistakis works with Mount Royal faculty and students in its outreach work.

Mount Royal centres

Centres at Mount Royal are also an important source of rigorous and impactful research and scholarship. The **Mokakiiks Centre for Scholarship of Teaching** facilitates and supports investigation, leading to deeper understanding of and sustained improvement in student learning. The **Centre for Community Disaster Research** is a trans-disciplinary centre for research, education and outreach related to disasters, crises, catastrophes and pandemics. Research is led by community need and involves university researchers, undergraduate/graduate students, government stakeholders, policy-makers, community organizations and knowledge end-users. Projects extend from crisis communication to family coping strategies, and to business continuity in a post-disaster environment.

Appendix

2021/22 consolidated financial statements

The audited financial statements of Mount Royal University for the year 2021/22 are provided as an appendix to this Annual Report and include the independent auditor's report, statement of management's responsibility, consolidated financial statements and notes to the consolidated financial statements.



MOUNT ROYAL
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**CONSOLIDATED
FINANCIAL STATEMENTS**

NINE MONTHS ENDED

MARCH 31, 2022

Mount Royal University

CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2022

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STATEMENT OF MANAGEMENT RESPONSIBILITY

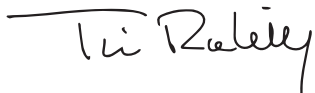
The consolidated financial statements of Mount Royal University ("the University") have been prepared by management in accordance with Canadian public sector accounting standards as describe in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the University as at March 31, 2022 and the results of its operations, changes in net financial assets, remeasurement gains and losses and cash flows for the period then ended.

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

The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

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

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-secondary Learning Act*. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.



President and Vice-Chancellor



Director of Finance

To the Board of Governors of Mount Royal University

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Mount Royal University (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the nine-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the nine-month period then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter – change in fiscal year end

I draw attention to Note 4 of the consolidated financial statements that describes the change in fiscal year end from June 30 to March 31. My opinion is not modified in respect to this matter.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 26, 2022
Edmonton, Alberta



Mount Royal University
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022
(thousands of dollars)

	March 31 2022 (note 4)	June 30 2021
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 16,066	\$ 3,984
Portfolio investments - non-endowment (note 5)	105,463	100,758
Accounts receivable (note 7)	11,427	12,470
Inventories held for sale	830	649
	133,786	117,861
Liabilities		
Accounts payable and accrued liabilities	21,839	16,518
Employee future benefit liabilities (note 8)	2,178	2,315
Debt (note 9)	44,430	47,755
Deferred revenue (note 10)	60,350	60,307
	128,797	126,895
Net financial assets (net debt) excluding portfolio investments restricted for endowments		
	4,989	(9,034)
Portfolio investments - restricted for endowments (note 5)	76,966	75,196
	81,955	66,162
Non-financial assets		
Tangible capital assets (note 12)	323,821	326,493
Inventories of supplies	389	78
Prepaid expenses	1,486	243
	325,696	326,814
Net assets before spent deferred capital contributions		
	\$ 407,651	\$ 392,976
Spent deferred capital contributions (note 11)	242,734	245,293
	\$ 164,917	\$ 147,683
Net assets is comprised of:		
Accumulated surplus	147,855	127,727
Accumulated remeasurement gains	17,062	19,956
	\$ 164,917	\$ 147,683

Contingent assets and contractual rights (notes 15 and 17)
Contingent liabilities and contractual obligations (notes 16 and 18)

The accompanying notes are an integral part of these consolidated financial statements.



Mount Royal University
CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED MARCH 31, 2022
(thousands of dollars)

	Budget 2022 9 Months (note 24)	March 31 2022 9 Months (note 4)	June 30 2021 12 Months
Revenues			
Government of Alberta grants (note 22)	\$ 77,805	\$ 78,872	\$ 104,964
Federal and other government grants (note 22)	3,195	1,796	2,140
Sales of services and products	14,671	17,194	10,391
Student tuition and fees	75,895	73,502	84,771
Donations and other grants	2,670	3,366	3,909
Investment income	6,785	8,759	6,615
	<u>181,021</u>	<u>183,489</u>	<u>212,790</u>
Expenses (note 19)			
Instruction and non-sponsored research	67,879	64,972	82,020
Academic and student support	37,057	34,200	42,969
Facility operations and maintenance	28,840	24,028	28,165
Institutional support	26,258	21,009	28,490
Ancillary services	14,031	15,206	14,432
Sponsored research	2,741	3,647	4,018
Restricted and endowment activities	4,188	4,072	4,418
	<u>180,994</u>	<u>167,134</u>	<u>204,512</u>
Operating surplus	<u>27</u>	<u>16,355</u>	<u>8,278</u>
Endowment contributions and capitalized investment income			
Endowment contributions (note 13)		1,567	350
Endowment capitalized investment income (note 13)		2,206	351
		<u>3,773</u>	<u>701</u>
Surplus	<u>27</u>	<u>20,128</u>	<u>8,979</u>
Accumulated surplus, beginning of period	<u>127,727</u>	<u>127,727</u>	<u>118,748</u>
Accumulated surplus, end of period (note 13)	<u>\$ 127,754</u>	<u>\$ 147,855</u>	<u>\$ 127,727</u>

The accompanying notes are an integral part of these consolidated financial statements.



Mount Royal University

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS NINE MONTH ENDED MARCH 31, 2022 (thousands of dollars)

	Budget 2022 9 Months (note 24)	March 31 2022 9 Months (note 4)	June 30 2021 12 Months
Surplus	\$ 27	\$ 20,128	\$ 8,979
Acquisition of tangible capital assets	(2,806)	(8,335)	(5,287)
Proceeds from sale of tangible capital assets		4	5
Amortization of tangible capital assets	12,160	11,006	15,410
(Gain) Loss on disposal of tangible capital assets		(3)	6
Increase in inventories of supplies		(311)	(20)
(Increase) decrease in prepaid expenses		(1,243)	37
Decrease in spent deferred capital contributions (note 11)	(5,161)	(2,559)	(6,875)
(Decrease) increase in accumulated remeasurement gains		(2,894)	10,849
Increase in net financial assets	4,220	15,793	23,104
Net financial assets, beginning of period	66,162	66,162	43,058
Net financial assets, end of period	\$ 70,382	\$ 81,955	\$ 66,162

The accompanying notes are an integral part of these consolidated financial statements.



Mount Royal University

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES NINE MONTHS ENDED MARCH 31, 2022 (thousands of dollars)

	March 31 2022 9 Months (note 4)	June 30 2021 12 Months
Accumulated remeasurement gains, beginning of period	\$ 19,956	\$ 9,107
Unrealized (losses) gains attributable to:		
Portfolio investments - non-endowment	(2,631)	11,409
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments - non-endowment	(263)	(560)
Accumulated remeasurement gains, end of period	\$ 17,062	\$ 19,956

The accompanying notes are an integral part of these consolidated financial statements.



Mount Royal University
CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2022
(thousands of dollars)

	March 31 2022 9 Months (note 4)	June 30 2021 12 Months
OPERATING TRANSACTIONS		
Surplus	\$ 20,128	\$ 8,979
Add (deduct) non-cash items:		
Amortization of tangible capital assets	11,006	15,410
Gain on sale of portfolio investments	(446)	(799)
(Gain) loss on disposal of tangible capital assets	(3)	6
Expended capital contributions recognized as revenue	(6,718)	(9,286)
Decrease in employee future benefit liabilities	(137)	(266)
Change in non-cash items	23,830	14,044
Decrease (increase) in accounts receivable	1,043	(472)
Increase in inventories held for sale	(181)	(71)
Increase (decrease) in accounts payable and accrued liabilities	5,321	(5,754)
Increase in inventories of supplies	(311)	(20)
Increase in deferred revenue	2,046	17,487
(Increase) decrease in prepaid expenses	(1,243)	37
Cash provided by operating transactions	30,505	25,251
INVESTING TRANSACTIONS		
Purchases of portfolio investments	(12,621)	(12,975)
Proceeds on sale of portfolio investments	1,695	7,933
Cash applied to investing transactions	(10,926)	(5,042)
FINANCING TRANSACTIONS		
Debt - repayment	(4,076)	(14,363)
Debt - new financing	751	972
Increase in spent deferred capital contributions, less expended capital recognized as revenue, less in-kind donations	4,060	2,409
Cash provided by (applied to) financing transactions	735	(10,982)
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets, less in-kind donations	(8,236)	(5,285)
Proceeds on disposal of tangible capital assets	4	5
Cash applied to capital transactions	(8,232)	(5,280)
Increase in cash	12,082	3,947
Cash, beginning of period	3,984	37
Cash, end of period	\$ 16,066	\$ 3,984

The accompanying notes are an integral part of these consolidated financial statements.

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

1. Authority and purpose

The Board of Governors of Mount Royal University is a corporation that 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 Advanced Education, with the exception of the President, who is an ex officio member.

Effective February 1, 2019 the University is an undergraduate university under the *Post-secondary Learning Act*. The roles of an undergraduate university are as follows:

- a) provide undergraduate degree programs;
- b) collaborate with other post-secondary institutions to support regional access to undergraduate degree programs;
- c) provide approved foundational learning, diploma or certificate programs; and
- d) undertake research and scholarly activities that enrich undergraduate education.

Prior to February 1, 2019 the University was a Baccalaureate and Applied Studies Institution under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, offering baccalaureate degrees, certificates, diplomas and applied degrees as well as a full range of continuing education programs and activities.

The University and its consolidated entities are registered charities, and under section 149 of the *Income Tax Act* (Canada), are exempt from the payment of income tax.

2. Summary of significant accounting policies and reporting practices

a. General - Canadian Public Sector Accounting Standards (PSAS) and use of estimates

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The measurement of certain assets, liabilities, revenues and expenses is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The University's 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 financial statements and, together with the following notes, should be considered an integral part of the financial statements.

b. Valuation of financial assets and liabilities

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

Financial statement component	Measurement
Cash	Cost
Portfolio investments	Fair value
Accounts receivable	Lower of cost or net realizable value
Inventories held for sale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Cost
Debt	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

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

For financial assets and liabilities 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 or amortized cost. Transaction

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

b. Valuation of financial assets and liabilities (continued)

costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred.

The purchase and sale of cash and portfolio investments are accounted for using trade date accounting.

The University does not use foreign currency 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 liabilities. The University does not have any embedded derivatives.

c. 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 recognized as deferred revenue.

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for the use, or the terms along with the University's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital assets.

Government grants without terms for the use of the grant are recognized as revenue when the University is eligible to receive the funds. Unrestricted non-government grants and donations are recognized 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 collection is reasonably assured.

In-kind donations of services, materials and tangible capital assets are recognized at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recognized at the carrying value.

Grants and donations related to land

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased.

The University recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the University cannot determine the fair value, it recognizes such in-kind contributions at nominal value.

Endowment contributions

Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received, and are required by donors to be maintained intact in perpetuity.

Investment income

Investment income includes dividends, interest income and realized gains or losses on the sale of portfolio investments. 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. The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use by the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the consolidated statement of operations.

d. Endowments

Endowments consist of:

- Externally restricted donations received by the University, the principal of which is required to be maintained intact in perpetuity.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

d. Endowments (continued)

- Investment income earned (excluding unrealized income) by the endowments in excess of the amount required for spending allocation is capitalized to maintain and grow the real value of the endowments. 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 by 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 endowments to be withheld from distribution to avoid fluctuations in the amounts distributed, generally to regulate the distribution of income earned by the endowments.
- Encroachment on the capital of the endowments to avoid fluctuations in the amounts distributed and generally to regulate the distribution of investment income earned by the endowments 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 funded from the accumulated capitalized investment income. However, for individual endowments without sufficient accumulated capitalized investment income, endowment principal is used in that year and is expected to be recovered by future investment income.

e. Inventories held for sale

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

f. Tangible capital assets

Tangible capital assets are recognized 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 construction of new buildings. 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.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease liabilities are recognized at the present value of future minimum lease payments at the inception of the lease, 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.

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	20 - 50 years
Learning resources	10 years
Furnishings, equipment and systems	3 - 20 years

Tangible capital asset write-downs are recognized when conditions indicate they no longer contribute to the University's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are recognized as expenses.

Intangible assets, works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

g. Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

g. Foreign currency translation (continued)

In the period of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

Foreign exchange gains and losses are not significant and are therefore not disclosed separately in the consolidated statement of remeasurement gains and losses.

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 recognized 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.

Administrative leave and deferred salary plans

The University provides for certain executives to accrue a paid leave of absence at the end of their administrative 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. Effective June 30, 2020, there were no more eligible employees.

The University provided compensated absences for its employees under deferred salary plans. The deferred salary plan for management and support staff is wholly self-funded by participating employees who contributed 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. This benefit has been discontinued as of July 1, 2018. Amounts owing to previously eligible employees are included in these financial statements.

Supplementary executive retirement plan (SERP) - 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 executive retirement plans (SERP) - defined contribution

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

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

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*.
- 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. Environmental liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the University is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Where an environmental standard does not exist or contamination does not exceed an environmental standard, a liability for remediation of a site is recognized by the University when the following criteria have been met:

- the University has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating the University have already occurred.

As at March 31, 2022 and June 30, 2021, there were no liabilities for remediation of contaminated sites.

k. Expense by function

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

Instruction and non-sponsored research

Expenses relating to the University's instruction and non-sponsored research and scholarly activity undertaken by faculty and within academic departments that contribute jointly to instruction and research functions. Non-credit instruction expenses related to the activities that are part of the 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 maintenance and renewal of facilities that house all teaching, research and administrative activities within the University. These include utilities, facilities administration, building maintenance, custodial services, landscaping and groundskeeping, major repairs and renovations, and 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.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED MARCH 31, 2022 (thousands of dollars)

2. Summary of significant accounting policies and reporting practices (continued)

k. Expense by function (continued)

Ancillary services

Expenses relating to services and products provided to the University community and to external individuals and organizations. Services include the University bookstore, printing, student residences, events and conference services, and parking services.

Sponsored research

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

Restricted and endowment activities

Expenses that support the growth of special purpose revenues. These expenses do not support the major activities of the University, such as research, instruction (approved and non-approved programming), and self-generated revenue. This includes all externally restricted funds that are intended for a specific purpose not related to research.

l. Funds and reserves

Certain amounts, as approved by the Board of Governors, are set aside in accumulated operating surplus for future operating and capital purposes. Transfers to or from funds and reserves are an adjustment to the respective fund when approved.

m. Future changes in Accounting Standards

In August 2018, the Public Sector Accounting Board (PSAB) issued PS 3280 Asset Retirement Obligations. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2022. Asset Retirement Obligations provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

In November 2020, PSAB issued PSG-8 Purchased intangibles. This accounting guideline is effective for fiscal years starting on or after April 1, 2023. Purchased intangibles provides guidance on how to account for intangibles.

Management has not yet adopted these standards and is currently assessing the impact of them on the consolidated financial statements.

3. Adoption of New Accounting Standard

PS 3400 Revenue provides guidance on how to account for and report on Revenue, specifically addressing Revenue arising from exchange transactions and unilateral transactions. The University chose early adoption of PS 3400 Revenue on July 1, 2021, the results of which are reflected in these consolidated financial statements.

4. Change in fiscal year end

The University changed its fiscal year end to March 31 to coincide with that of the Government of Alberta. This change in fiscal year end was approved by the Minister of Advanced Education in January 2021. Information included in the consolidated financial statements reflects the first fiscal period consisting of the nine months ended March 31, 2022, as compared to the twelve month period ended June 30, 2021. As a result, the two periods are not entirely comparable.

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

5. Portfolio investments

	March 31 2022	June 30 2021
Portfolio investments - non-endowment	\$ 105,463	\$ 100,758
Portfolio investments - restricted for endowments	76,966	75,196
	\$ 182,429	\$ 175,954

The composition of portfolio investments measured at fair value is as follows:

	March 31, 2022				Total
	Market yield	Level 1	Level 2	Level 3	
Pooled investments in fixed income					
Canadian fixed income	(3.04)%	\$ -	\$ 30,755	\$ -	\$ 30,755
Pooled investments in equities					
Canadian equities	20.11 %	-	32,811	-	32,811
Foreign equities	9.08 %	-	82,372	-	82,372
Pooled real estate units	14.67 %	-	-	35,107	35,107
Canadian Commercial Mortgages	(1.42)%	-	-	1,196	1,196
Other ^(a)		37	136	15	188
Total portfolio investments		\$ 37	\$ 146,074	\$ 36,318	\$ 182,429
		0.02 %	80.07 %	19.91 %	100 %

	June 30, 2021				Total
	Market yield	Level 1	Level 2	Level 3	
Pooled investments in fixed income					
Canadian fixed income	(2.39)%	\$ -	\$ 32,744	\$ -	\$ 32,744
Pooled investments in equities					
Canadian equities	33.96 %	-	29,624	-	29,624
Foreign equities	25.96 %	-	80,976	-	80,976
Pooled real estate units	7.33 %	-	-	32,489	32,489
Other ^(a)		106	-	15	121
Total portfolio investments		\$ 106	\$ 143,344	\$ 32,504	\$ 175,954
		0.06 %	81.47 %	18.47 %	100 %

^(a) Other portfolio investments are composed of a cash pending investment (level 1); investments in listed common shares/index funds by the University Student Investment Fund (level 2) and a donated life insurance policy (level 3).

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

5. Portfolio investments (continued)

The fair value measurements are those derived from:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

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

	March 31 2022	June 30 2021
Balance, beginning of year	\$ 32,504	\$ 30,284
Purchases	1,213	-
Proceeds on sale	(1,213)	-
Unrealized gains	3,414	2,220
Gain on sale	400	-
Balance, end of year	<u>\$ 36,318</u>	<u>\$ 32,504</u>

6. Financial risk management

The University is exposed to the following risks:

a. Market price risk

The University is exposed to market price risk - 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 with individual issuer limits 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.

At March 31, 2022, the impact of a change in the rate of return on the investment portfolio is as follows:

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
Canadian fixed income	\$ 30,755	\$ (769)	\$ (308)	\$ 308	\$ 769
Canadian equities	32,947	(824)	(329)	329	824
Foreign equities	82,372	(2,059)	(824)	824	2,059
Real estate	35,107	44	18	(18)	(44)
Canadian commercial mortgages	1,196	12	5	(5)	(12)
	<u>\$ 182,377</u>	<u>\$ (3,596)</u>	<u>\$ (1,438)</u>	<u>\$ 1,438</u>	<u>\$ 3,596</u>

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

6. Financial risk management (continued)

b. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 instruments 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 most material value of the portfolio denominated in foreign currency is shown below:

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
US dollar	\$ 51,713	\$ (812)	\$ (325)	\$ 325	\$ 812
Euro	6,812	(14)	(6)	6	14
British pound	3,237	(3)	(1)	1	3
Japanese yen	4,769	(7)	(3)	3	7
Chinese yuan	3,081	(3)	(1)	1	3
	<u>\$ 69,612</u>	<u>\$ (839)</u>	<u>\$ (336)</u>	<u>\$ 336</u>	<u>\$ 839</u>

c. Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the University. The University is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issuer limits to manage this risk. 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.

The credit risks on investments held are as follows:

	March 31 2022	June 30 2021
Money market funds		
R-1 (high)	100.00 %	100.00 %
Canadian fixed income		
AAA	34.75 %	36.23 %
AA	35.88	35.32
A	16.56	15.59
BBB	12.80	12.84
Not rated	0.01	0.02
	<u>100.00 %</u>	<u>100.00 %</u>

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

6. Financial risk management (continued)

d. Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with its financial liabilities. The University maintains a short-term line of credit of \$40,000 (2021 - \$40,000) that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost-effective manner. At March 31, 2022, the University has not committed any borrowing facilities (2021 - \$nil).

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-rate agreements with the Department of Treasury Board and Finance (note 9).

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	\$ 16,323	\$ (289)	\$ (44)	\$ 282	\$ 527
Canadian fixed income	30,755	6,628	2,651	(2,257)	(5,644)
Real estate	35,107	916	369	(369)	(916)
Canadian commercial mortgages	1,196	63	25	(22)	(55)
	83,381	7,318	3,001	(2,366)	(6,088)

The maturity and average effective market yield of interest bearing investments are as follows:

	<1 year	1-5 years	> 5 years	Average effective market yield
	%	%	%	%
Portfolio investment, fixed income	0.45	43.72	55.83	(3.04)
Canadian commercial mortgages	23.39	46.00	30.61	(1.42)

7. Accounts receivable

	March 31 2022	June 30 2021
Accounts receivable	\$ 2,427	\$ 3,279
Receivable from the Students Association of Mount Royal University (note 9)	9,000	9,191
	\$ 11,427	\$ 12,470

Accounts receivable are unsecured and non-interest bearing.

In 2007, 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 on campus. The University borrowed the sum of \$13,000 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 9.



Mount Royal University
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2022
(thousands of dollars)

8. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	March 31 2022	June 30 2021
Long-term disability	\$ 1,935	\$ 2,066
Administrative leave and deferred salary plans	20	28
Supplementary executive retirement plans - defined benefit	160	174
Supplementary executive retirement plans - defined contribution (note 23)	63	47
	\$ 2,178	\$ 2,315

a. Long-term disability

The University contributes the employer portion of 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. Effective September 1, 2019 for management and staff and January 1, 2020 for faculty, the University started contributing the employee portion for employees on long-term disability. The most recent actuarial valuation for this accrued obligation was completed on March 31, 2022 and incorporated the change to total pension coverage. The next actuarial valuation will be carried out on March 31, 2023.

b. Administrative leave and deferred salary plans

The University provides for certain executives to accrue a paid leave of absence at the end of their administrative 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. Effective June 30, 2020, there were no more eligible employees.

The University provided compensated absences for its employees under deferred salary plans. The deferred salary plan for management and support staff is wholly self-funded by participating employees who contributed 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. This benefit has been discontinued as of July 1, 2018. Amounts owing to previously eligible employees are included in these financial statements.

c. Supplementary executive retirement plan (SERP) - defined benefit

The University provides a non-contributory supplementary executive defined retirement benefit to a past executive member. An actuarial valuation of these benefits was carried out as at March 31, 2022. The next actuarial valuation will be carried out on March 31, 2025.

d. Supplementary executive retirement plan (SERP) - defined contribution

The University provides non-contributory defined supplementary executive retirement benefits under a defined contribution plan to certain executive members. The pension expense recorded in these consolidated financial statements is \$16 (2021 - \$20).



Mount Royal University
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2022
(thousands of dollars)

8. Employee future benefit liabilities (continued)

The expense and financial position of these employee future benefit plans are as follows:

	March 31, 2022			
	Long-term disability	Administrative leave and deferred salary plans	Defined benefit	Defined contribution
Expense				
Current service cost ^(a)	\$ (131)	\$ -	\$ -	\$ 16
Interest cost	-	-	6	-
Amortization of net actuarial loss	-	-	9	-
Total expense	\$ (131)	\$ -	\$ 15	\$ 16
Financial position				
Accrued benefit obligation:				
Balance, beginning of period	\$ 2,066	\$ 28	\$ 174	\$ 47
Current service cost ^(a)	(131)	-	-	16
Interest cost	-	-	6	-
Amortization of net actuarial loss	-	-	9	-
Benefits paid	-	(8)	(29)	-
Balance, end of period	\$ 1,935	\$ 20	\$ 160	\$ 63
	June 30, 2021			
	Long-term disability	Administrative leave and deferred salary plans	Defined benefit	Defined contribution
Expense				
Current service cost ^(a)	\$ 259	\$ -	\$ -	\$ 20
Interest cost	-	-	8	-
Amortization of net actuarial loss	-	-	13	-
Total expense	\$ 259	\$ -	\$ 21	\$ 20
Financial position				
Accrued benefit obligation:				
Balance, beginning of period	\$ 1,807	\$ 194	\$ 192	\$ 99
Current service cost ^(a)	259	-	-	20
Interest cost	-	-	8	-
Amortization of net actuarial loss	-	-	13	-
Benefits paid	-	(166)	(39)	(72)
Balance, end of period	\$ 2,066	\$ 28	\$ 174	\$ 47

^(a) The liability for long term disability has declined due to the March 31, 2022 actuarial valuation reflecting a decrease in LAPP contribution percentages.



Mount Royal University
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2022
(thousands of dollars)

8. Employee future benefit liabilities (continued)

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

	March 31, 2022		June 30, 2021	
	Long-term disability	Defined benefit	Long-term disability	Defined benefit
Accrued benefit obligation:				
Discount rate	1.70 %	1.70 %	1.70 %	3.20 %
Benefit cost:				
Discount rate	2.50 %	1.70 %	2.50 %	3.20 %
Inflation (long-term)	2.00 %	3.00 %	2.00 %	2.00 %
Estimated average remaining service life	n/a	8 years	n/a	8 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. At December 31, 2021, the LAPP reported an actuarial surplus of \$11,922,370 (2020 - \$4,961,337). An actuarial valuation of the LAPP was carried out as at December 31, 2020 and was then extrapolated for December 31, 2021. The pension expense recorded in the consolidated financial statements is \$8,169 (2021 - \$11,451).



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

9. Debt

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

				March 31 2022	June 30 2021
	Collateral ⁽¹⁾	Maturity	Interest rate %	Amortized cost	Amortized cost
Debentures payable to the Department of Treasury Board and Finance:					
West Student Residence	1	August 15, 2027	6.1250 %	\$ 12,834	\$ 14,562
Taylor Centre for the Performing Arts	1	March 17, 2029	3.1250 %	6,557	7,383
Mount Royal University Parkade	1	September 24, 2035	4.8675 %	14,337	15,074
MRU Student Association's Wyckham Student Centre (note 7)	1	June 15, 2037	5.0030 %	9,000	9,191
Liabilities under capital leases			(2.0366)%	1,702	1,545
Balance, end of period				\$ 44,430	\$ 47,755

(1) Collateral consists of cash flows from activities carried out in the facilities.

Principal and interest repayments are as follows:

Year	Principal	Interest	Total
2023	\$ 4,603	\$ 2,295	\$ 6,898
2024	4,593	2,498	7,091
2025	4,579	2,370	6,949
2026	4,573	1,494	6,067
2027	4,710	1,263	5,973
Thereafter	21,372	4,605	25,977
	\$ 44,430	\$ 14,525	\$ 58,955

Interest expense on debt is \$1,337 (2021 - \$1,888) and is included in the consolidated statement of operations.

The University has a short-term line of credit, unsecured, with an authorized limit of \$40,000 (2021 - \$40,000). The interest rate is prime less 0.75% (2022 - 1.95%, 2021 - 1.7%), payable monthly. The principal is due on demand or at the borrower's discretion.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

10. Deferred revenue

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

				March 31 2022	June 30 2021
	Unspent externally restricted grants and donations	Unspent externally restricted capital contributions	Tuition and other fees	Total	Total
Balance, beginning of period	\$ 37,207	\$ 16,093	\$ 7,007	\$ 60,307	\$ 34,500
Grants, tuition, donations received during the year	4,032	5,000	10,661	19,693	32,772
Investment income	4,645	34	-	4,679	2,762
Unrealized (losses) gains	(2,003)	-	-	(2,003)	8,320
Transfers to spent deferred capital contributions	(2,330)	(1,829)	-	(4,159)	(2,411)
Recognized as revenue	(11,118)	(42)	(7,007)	(18,167)	(15,636)
Balance, end of period	\$ 30,433	\$ 19,256	\$ 10,661	\$ 60,350	\$ 60,307

11. Spent deferred capital contributions

Spent deferred capital contributions are comprised of externally restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

	March 31 2022	June 30 2021
Spent deferred capital contributions, beginning of period	\$ 245,293	\$ 252,168
Transfers from unspent externally restricted grants and donations	2,330	1,837
Transfers from unspent deferred capital contributions	1,829	574
Expended capital contributions recognized as revenue	(6,718)	(9,286)
Net change for the period	(2,559)	(6,875)
Balance, end of period	\$ 242,734	\$ 245,293



Mount Royal University
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2022
(thousands of dollars)

12. Tangible capital assets

					March 31 2022	June 30 2021
	Land	Buildings⁽¹⁾	Learning resources	Furnishings, equipment and systems⁽²⁾	Total	Total
Cost						
Balance, beginning of period	\$ 6,815	\$ 490,707	\$ 6,518	\$ 62,116	\$ 566,156	\$ 568,850
Acquisitions	-	4,249	761	3,325	8,335	5,287
Disposals, including write-downs	-	-	-	(296)	(296)	(7,981)
	6,815	494,956	7,279	65,145	574,195	566,156
Accumulated amortization						
Balance, beginning of period	\$ -	\$ 190,652	\$ 3,181	\$ 45,830	\$ 239,663	\$ 232,223
Amortization expense	-	6,789	545	3,672	11,006	15,410
Effects of disposals, including write-downs	-	-	-	(295)	(295)	(7,970)
	-	197,441	3,726	49,207	250,374	239,663
Net book value, March 31, 2022	6,815	297,515	3,553	15,938	323,821	
Net book value, June 30, 2021	\$ 6,815	\$ 300,055	\$ 3,337	\$ 16,286		\$ 326,493

(1) No interest was capitalized by the University in 2022 or 2021.

(2) Furnishings, equipment and systems include computer software, hardware, and all furniture and non-computing capital equipment including in-kind-donations at March 31, 2022 of \$99 (2021 - \$2). Historical cost includes work-in-progress at March 31, 2022 of \$3,576 (2021 - \$732).

The University holds a collection of works of art including paintings, sculptures and photographs. Due to the subjective nature of these assets, the values are not reported in this note.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

13. Net assets

	Accumulated surplus from operations	Internally restricted surplus	Investment in tangible capital assets ⁽¹⁾	Endowments	Total
Net assets, as at June 30, 2020	\$ 10,200	\$ 14,211	\$ 42,587	\$ 60,857	\$ 127,855
Annual operating surplus	8,278	-	-	-	8,278
Endowments					
New donations	-	-	-	350	350
Capitalized investment income	-	-	-	351	351
Tangible capital assets					
Amortization of tangible capital assets	6,124	-	(6,124)	-	-
Acquisition of tangible capital assets	(2,446)	(430)	2,876	-	-
Debt repayment	(4,280)	-	4,280	-	-
Debt - new financing	972	-	(972)	-	-
Net book value of tangible capital asset disposals	11	-	(11)	-	-
Operating expenses funded from internally restricted surplus	1,199	(1,199)	-	-	-
Net Board appropriation to internally restricted surplus	(9,500)	9,500	-	-	-
Change in accumulated remeasurement gains	10,849	-	-	-	10,849
Net assets, as at July 1, 2021	21,407	22,082	42,636	61,558	147,683
Operating surplus	16,355	-	-	-	16,355
Endowments					
New donations	-	-	-	1,567	1,567
Capitalized investment income	-	-	-	2,206	2,206
Tangible capital assets					
Amortization of tangible capital assets	4,289	-	(4,289)	-	-
Acquisition of tangible capital assets	(2,943)	(1,233)	4,176	-	-
Debt repayment	(3,885)	-	3,885	-	-
Debt - new financing	751	-	(751)	-	-
Operating expenses funded from internally restricted surplus	487	(487)	-	-	-
Net Board appropriation to internally restricted surplus	(14,500)	14,500	-	-	-
Change in accumulated remeasurement (losses)	(2,894)	-	-	-	(2,894)
Net assets, as at March 31, 2022	\$ 19,067	\$ 34,862	\$ 45,657	\$ 65,331	\$ 164,917

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

Net assets is comprised of:

Accumulated surplus	\$ 2,005	\$ 34,862	\$ 45,657	\$ 65,331	\$ 147,855
Accumulated remeasurement gains	17,062	-	-	-	17,062
	\$ 19,067	\$ 34,862	\$ 45,657	\$ 65,331	\$ 164,917



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

14. Internally restricted surplus

Internally restricted accumulated surplus represents 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 net assets with significant balances include:

	March 31, 2022				
	Balance at beginning of period	Appropriations from unrestricted net assets	Capital disbursements	Operating disbursements	Balance at end of period
Capital renewal	\$ 3,297	\$ 14,500	\$ 671	\$ 20	\$ 17,106
Commercial operations project planning	1,674	-	92	46	1,536
Residence renewal	734	-	38	92	604
Research and special projects	1,790	-	-	111	1,679
Academic strategic development	966	-	32	208	726
University effectiveness and community needs	13,417	-	400	10	13,007
Scholarships and bursaries	204	-	-	-	204
Total	\$ 22,082	\$ 14,500	\$ 1,233	\$ 487	\$ 34,862

	June 30, 2021				
	Balance at beginning of year	Appropriations from unrestricted net assets	Capital disbursements	Operating disbursements	Balance at end of year
Capital renewal	\$ 3,765	\$ -	\$ 207	\$ 261	\$ 3,297
Commercial operations project planning	1,988	-	193	121	1,674
Residence renewal	838	-	30	74	734
Research and special projects	1,925	-	-	135	1,790
Academic strategic development	1,054	-	-	88	966
University effectiveness and community needs	4,434	9,500	-	517	13,417
Scholarships and bursaries	207	-	-	3	204
Total	\$ 14,211	\$ 9,500	\$ 430	\$ 1,199	\$ 22,082



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

15. Contingent assets

The University initiated legal matters and insurance claims where possible assets are being sought. While the outcomes of these claims cannot be reasonably estimated at this time, the University believes that any settlement will not have a material effect on the financial position or the results of operations of the University. These contingent assets are not recognized in the consolidated financial statements.

16. Contingent liabilities

a. The University is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings 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 none of the claims meets the criteria for recording a liability.

b. The University has identified potential asset retirement obligations related to the existence of asbestos and lead in a number of its facilities. Although not a current 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 liability for these assets will be recorded in the period in which there is certainty that a capital project will proceed and there is sufficient information to estimate fair value of the obligation.

17. Contractual rights

Contractual rights are rights of the University to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating leases	Other contracts	Total
2023	\$ 39	\$ 28,273	\$ 28,312
2024	40	21,817	21,857
2025	8	1,252	1,260
2026	-	525	525
2027	-	352	352
Total at March 31, 2022	\$ 87	\$ 52,219	\$ 52,306
Total at June 30, 2021	\$ 135	\$ 7,953	\$ 8,088



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

18. 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 amount payable for the unexpired terms of these contractual obligations are as follows:

	Capital projects ⁽¹⁾	Service contracts ⁽²⁾	Total
2023	\$ 6,137	\$ 22,703	\$ 28,840
2024	1,467	8,237	9,704
2025	-	8,280	8,280
2026	-	8,055	8,055
2027	-	8,151	8,151
Total at March 31, 2022	\$ 7,604	\$ 55,426	\$ 63,030
Total at June 30, 2021	\$ 185	\$ 46,002	\$ 46,187

(1) Capital projects include obligations related to major capital and renovation projects.

(2) Service contracts include contractual obligations the University entered into for services such as electricity, natural gas, information technology maintenance agreements, and other service obligations. The University has contracts to manage its exposure to volatility in the electrical and natural gas industries. Based on management's estimates, the annual costs for the utility contracts at the year ended March 31, 2022 are expected to be approximately \$5,911 (2021 - \$4,800).

19. Expense by object

The following is a summary of expense by object:

	Budget 2022 9 Months (note 24)	March 31 2022 9 Months (note 4)	June 30 2021 12 Months
Salaries	\$ 103,808	\$ 98,936	\$ 123,726
Employee benefits	17,102	16,027	22,346
Materials, supplies and services	24,603	21,138	22,532
Cost of goods sold	2,908	2,514	2,490
Scholarships and bursaries	4,141	4,589	4,728
Maintenance and repairs	11,302	7,411	7,204
Utilities	3,521	4,175	4,177
Amortization of tangible capital assets	12,160	11,007	15,421
Interest on debt	1,449	1,337	1,888
	\$ 180,994	\$ 167,134	\$ 204,512



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

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.

	March 31 2022	June 30 2021
Associations and others	\$ 24	\$ 38
Recreational clubs	35	29
Ministry funds	198	87
	<u>\$ 257</u>	<u>\$ 154</u>

21. Related parties

The University is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of the University, their close family members and the Board of Governors are also considered related parties. Transactions with these entities and individuals are considered to be in the normal course of operations and are recorded at the exchange amount, which approximates fair value.

The University has liabilities with the Department of Treasury Board and Finance as described in Note 9.

Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2022

(thousands of dollars)

22. Government transfers

	March 31 2022 9 Months	June 30 2021 12 Months
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 70,084	\$ 94,664
Capital	-	5,000
Other	700	6,691
Total Advanced Education	<u>\$ 70,784</u>	<u>\$ 106,355</u>
Other post-secondary institutions	<u>\$ 12</u>	<u>\$ 18</u>
Other Government of Alberta departments and agencies:		
Ministry of Culture and Status of Women	99	54
Ministry of Community and Social Services	356	100
Ministry of Jobs, Economy and Innovation	-	590
Ministry of Children's Services	278	342
Ministry of Education ^(a)	(27)	-
Ministry of Health	59	87
Total other Government of Alberta departments and agencies	<u>765</u>	<u>1,173</u>
Total contributions received	<u>71,561</u>	<u>107,546</u>
Expended capital contributions recognized as revenue	5,054	7,099
Deferred revenue	2,257	(9,681)
	<u>\$ 78,872</u>	<u>\$ 104,964</u>
Accounts receivable		
Advanced Education	\$ -	\$ 350
Other Government of Alberta departments and agencies	153	29
	<u>\$ 153</u>	<u>\$ 379</u>
Federal and other government grants		
Contributions received	\$ 1,172	\$ 2,511
Expended capital contributions recognized as revenue	566	764
Deferred revenue	58	(1,135)
	<u>\$ 1,796</u>	<u>\$ 2,140</u>

^(a) An unused portion of the \$127 grant received in 2019 was returned to the Ministry during the current year.

The University has liabilities with the Department of Treasury Board and Finance as described in note 9.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(thousands of dollars)

23. Salary and employee benefits

				March 31 2022 9 Months	June 30 2021 12 Months
	Base salary ⁽²⁾	Other cash benefits ⁽³⁾	Other non-cash benefits ⁽⁴⁾⁽⁵⁾	Total	Total
Governance⁽¹⁾					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	-
Members of the Board of Governors	-	-	-	-	-
Executive					
President and Vice-Chancellor	229	4	44	277	354
Provost and Vice-President Academic					
Current term commenced June 8, 2020	187	1	24	212	271
Past term ended June 3, 2020	-	-	-	-	47
Total	187	1	24	212	318
Vice-President Finance and Administration	187	-	26	213	273
Vice-President University Advancement	161	17	25	203	261
General Counsel and University Secretary ⁽⁶⁾	163	-	25	188	10

(1) Effective July 1, 2015, all members of the Board of Governors elected to forego honoraria, redirecting resources to improved electronic reporting systems for Board members.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include housing allowances, vacation payout, car allowances, professional development, cash travel allowances and severance. No cash bonuses were paid in 2022 or 2021.

(4) 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, health spending, 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, club and professional memberships, and fair market value of parking.

(5) Under the terms of the supplementary executive retirement plan (SERP), executive officers may receive supplemental 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.

(6) The new position of General Counsel and University Secretary was created on June 10, 2021.



Mount Royal University
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23. Salary and employee benefits (continued)

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

	Accrued obligation June 30, 2021	Payments	Current service cost	Accrued obligation March 31, 2022
President and Vice-Chancellor	\$ 47	\$ -	16	\$ 63

24. Budget figures

Budgeted figures have been provided for comparison purposes and have been derived from the University's 2021-22 budget plan as approved by the Board of Governors.

25. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Governors of Mount Royal University on May 26, 2022.

26. Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.



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