

Mount Royal University 2020/21

Annual Report



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 June 30, 2021 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 2020/21 Annual Report to the Ministry of Advanced Education. While the past year has been difficult, we've emerged strong and stable, and ready to answer the challenges posed by the present moment.

Mount Royal plays a crucial role in the Alberta post-secondary system, providing a high-quality undergraduate education to enable students to become informed citizens today and to fill the needs of tomorrow's labour market.

We remain committed to meeting the needs of Alberta learners and to doing our part to address the shortage of post-secondary seats in Calgary, as demonstrated through our steady and deliberate approach to enrolment growth. Despite the pressures imposed by the pandemic, our enrolment grew 5.3%. Since 2014/15, we have increased total enrolment by 20.5%, among the most growth in the university sector in this province.

Mount Royal is deeply proud of our over a century of history, yet we focus on the future. We are committed to addressing the issues facing our local community, country and world, from indigenization, decolonization and reconciliation, and shifting labour market

demands, to making our campus more equitable, diverse and inclusive.

Responding to the growing demand for graduates in the fields of technology and science, we launched two new programs over the past year: the Bachelor of Science in Biology and the Bachelor of Science in Computer Science. We also responded successfully to the province's call to develop microcredentials and will create and implement two new non-credit microcredential programs in 2021/22. As well, we received approval to launch the Bachelor of Social Work in 2021/22, which will help increase the number of qualified social workers in Alberta.

Our graduates are highly sought-after for their critical thinking skills that enable them to rise to diverse opportunities, and their job-ready skills in demand by employers across the province. We give students the knowledge and abilities needed to thrive in a world of rapid change in a manner that meets the challenges outlined in the Government's *Alberta 2030: Building Skills for Jobs* strategy.

Our graduating students rate their educational experience highly, with 88% reporting their entire educational experience was excellent

or good, significantly higher than Canadian comparators. Work-integrated learning featured prominently in their time at Mount Royal, with 61% of graduating students participating in such an experience.

We remain committed to meeting our accountability obligations and our role as a partner in the Campus Alberta system. We provide a quality education at a moderate cost, as evidenced by our total operating expenditures per Full-Load Equivalent (FLE) and the diversification of our revenue sources.

We are grateful for our faculty and staff, particularly given the challenges faced over the past year. We care deeply about our community and we look forward to being able to operate in a world with fewer restrictions as the public health situation improves.



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 November 3, 2021)



Alex Pourbaix, *Chair*



Brenden Hunter



Jacqueline Musabende



Sue Riddell Rose



Chris Lee, *Vice-Chair*



Karl Johansson



Joseph Nguyen



David Routledge



Dawn Farrell, *Chancellor*



Morgan Loberg



Thomas P. O'Leary



Shannon Ryhorchuk



Tim Rahilly, *President and Vice-Chancellor*



Carrie Lonardelli



Kenna L. Olsen



Spirit River Striped Wolf



Denise Man



Shannon Pestun



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*.

Eight disclosures were received in 2020/21. 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 managed through more informal processes.

Operational overview

The 2020/21 year was significantly impacted by the ongoing pandemic and Mount Royal faced several challenges that affected our outcomes and performance. However, we remained focused on delivering an exceptional educational experience to our students.

- Total enrolment, as measured in Full Load Equivalent (FLE), grew 5.3% year-over-year and has grown by 20.5% since 2014/15, demonstrating our continued commitment to meeting the demands of Alberta learners.
- Total international enrolment dipped to 2.2% of total FLE for 2020/21 (as compared to 2.9% in 2019/20), driven largely by the pandemic and resulting decreases in the English Language Program and cancelled international partnerships and contracts.
- The pandemic also forced the cancellation of international field schools and exchanges for domestic students.
- 88% of fourth-year Mount Royal students rated their entire educational experience as excellent or good, significantly higher than Canadian comparators.
- 61% of graduating students reported participating in a work-integrated learning experience.
- The pandemic significantly impacted our ability to deliver on our commitment to in-person learning.
- We launched two new programs—the Bachelor of Science in Biology and the Bachelor of Science in Computer Science—and we received approval to launch the Bachelor of Social Work in 2021/22.
- We successfully responded to the province's call to develop microcredentials and will develop and implement two new non-credit microcredential programs in 2021/22.
- Our six-year degree graduation rate continued to climb, reaching 65.6% for the Fall 2014 cohort.
- We developed and launched a new Suicide Prevention Strategic Framework to support campus mental health.
- Ancillary operations were significantly impacted by the pandemic, but are well on their way to recovering.
- Total consolidated operating revenues exceeded expenses by \$8.3 million. This surplus is expected to be a one-time occurrence, resulting mainly from the operating impacts of the pandemic.

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>Underlying Mount Royal's Enrolment Management Plan is the principle of thoughtful growth; that is, growing 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.</p> <p>The 2020/21 reporting year closed with an increase of 555 FLE and 346 unique heads as compared with the previous year (annual growth of 5.3%).</p> <p>Since the institution began its planned growth trajectory in 2014/15, Mount Royal has recorded a 20.5% 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 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. In 2019/20, the institution implemented three new majors in the Bachelor of Business Administration. In 2020/21, new programs implemented included the Bachelor of Science in Biology and the Bachelor of Science in Computer Science. Mount Royal's proposal for the Bachelor of Social Work was also approved for implementation in 2021/22.</p>

Develop microcredentials to meet student and labour market needs	In 2021, Mount Royal responded to the Ministry's first-ever call to develop microcredential programming. Two of Mount Royal's proposals were successful and received funding: ESG (environmental, social, governance) Reporting and Applied Machine Learning, offered in collaboration with Supply Chain Canada. Both programs target new- and mid-career professionals seeking to upskill or reskill. As well, students who have successfully completed Mount Royal's Bachelor of Business Administration may receive advanced standing in the Applied Machine Learning program. Both microcredential programs will be delivered through the Faculty of Continuing Education and are scheduled to launch in January 2022.
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, where students' completion of optional, elective and General Education courses delivered across multiple faculties are applied to graduation requirements. Academic programming requires maximization of internal course transferability.
Increase four- and six-year degree graduation rates	The six-year Fall 2014 cohort graduation rate was 65.6%, which is a slight increase as compared to the 65.1% rate for the Fall 2013 cohort. The four-year graduation rate for the Fall 2016 cohort dipped slightly to 35.4% as compared to the 39.5% rate for the Fall 2015 cohort. All data trends indicate that the overall graduation rates for Mount Royal students will continue to increase over time.
Increase number of seats available to students in courses required for graduation	From 2019/20 to 2020/21, there was a 1.1% increase in the number of seats available to students across all faculties. Since 2016/17, Mount Royal has increased its total seat offerings by 15.3%.

Institutional goal:

Indigenize our university

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Develop a research program led by Canada Research Chair (CRC) in Indigenous studies	The CRC in Indigenous studies was paused while Mount Royal moved forward with a new Indigenous cluster hire. The new hires will provide a stronger research and scholarship environment to ensure success of the CRC. The position is posted to be filled in the next academic year.
Increase faculty, staff and management awareness and understanding of Indigenous culture and issues	A national search was conducted to fill the newly created position of associate vice-president of indigenization and decolonization. In this role, Dr. Linda ManyGuns, PhD, led several programs and activities to promote Indigenous cultural awareness in Fall 2021, as part of the new National Day of Truth and Reconciliation.

Continue implementation of an Indigenous student recruitment plan	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. However, in 2020/21, pandemic-related health protocols restricted travel and in-person recruitment activities. Combined with the shift to remote course delivery, recruitment of new Indigenous students was significantly impacted.
Increase number of applications by Indigenous students in all programs	Applications to all programs from self-declared Indigenous students fell by 15.5% in Fall 2020 compared to Fall 2019. It is evident that application pressure and applicant-to-registrant yield for new self-declared Indigenous students have been greatly impacted by the pandemic. Specifically, mode of delivery (e.g., online courses) has been identified as a major determinant in decision-making processes for Indigenous students. With the resumption of in-person course delivery in 2021/22, it is anticipated that applications and registrations from new Indigenous students will return to previously established levels.
Increase enrolment by Indigenous students in programs leading to credentials	The percentage of students who self-identified as Indigenous fell to 5.5% in 2020/21, compared with 6.1% in 2019/20. As noted in Mount Royal's 2019/20 Annual Report, the impact of the pandemic on Indigenous communities is expected to temporarily decrease Indigenous student enrolment. Enrolment from continuing Indigenous students remained steady in 2020/21, with the decrease in headcount stemming almost entirely from new Indigenous student admissions. With the return to in-person learning in Fall 2021 and a continued commitment to recruitment and retention of Indigenous students, it is anticipated that enrolment of Indigenous students in programs leading to credentials will return to levels seen in 2019/20.
Increase retention rates of Indigenous students	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 2014 cohort was 60.6% compared to 65.9% for non-Indigenous students. Taking into consideration the number of students in each cohort, this difference is not significant.
Increase number of faculty, staff and management enrolled in Indigenous education and training courses	Mount Royal launched an Indigenous education program for all campus community members. Four Seasons of Reconciliation is an educational tool for corporate, community and classroom anti-racist training, providing an introduction to reconciliation with authentic Indigenous voices. It is a three-hour program with 10 interactive modules. Participants who complete the program receive a certificate.
Implement partnerships and MOUs between Mount Royal and Indigenous groups that contribute to curriculum development and indigenization	We continue to work with Indigenous community partners on indigenizing and decolonizing the curriculum. Elders and community members were active participants in the recruitment and hiring process for the new associate vice-president of indigenization and decolonization. In addition, Mount Royal is advancing plans to offer a dual credit course with the Calgary Board of Education that will engage students in Indigenous community-engaged learning.

Institutional goal:

Support student mental health and well-being

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
<p>Develop a suicide prevention framework to support mental health</p>	<p>Mount Royal's Suicide Prevention Strategic Framework has been developed through the work of a steering committee, with 161 campus members participating in community consultation sessions. The Framework includes 52 recommendations for implementation between 2021 and 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>Provide access to information, training and awareness for students, staff, faculty and management, to increase mental health literacy skills to identify and respond to students experiencing mental health concerns</p>	<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, staff, faculty and management. In response to the pandemic, programs and workshops were adapted to online formats wherever possible.</p> <p>In 2020/21, 406 campus members were trained in crisis and community support programming, with 342 focused on mental health and 64 focused on DDSV. There was continued significant uptake of naloxone and harm reduction workshops, as well as suicide awareness and prevention training. Participants agreed it improved their confidence (89%) and their knowledge (91%) in supporting a student with a mental health concern.</p>
<p>Implement campus services to increase self-management and coping skills, including counselling groups and early support referrals (some specifically designed for sub-groups of students such as Indigenous, international and residence students)</p>	<p>Numerous campus services and programs increased self-management and coping skills. Last year, 2,180 campus members participated in formal programs to improve coping skills and/or resiliency.</p> <p>The Early Support program continued to connect a diverse population of at-risk students with cultural, social and academic supports.</p> <p>Students had access to one-on-one counselling and specific counselling groups, such as the A-team for students on the autism spectrum, the Indigenous Womens' Group and Students with Mental Illness in the Learning Environment, as well as student support webinars. The Iniskim Centre and the Pride Centre also offered student supports. The international student kitchen program in Residence and the Global Wellness Community for international students continued. Supports were adapted to online contexts, including Counselling's Daring Greatly book club.</p>

Provide appropriate on-campus services and transition processes for incoming students and those who may be better served through off-campus community services	Despite the shift to online learning, on-campus supports continued to be offered to students throughout 2020/21, 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 directly 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.
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Institutional goal:

Deliver personalized learning experiences for all students

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Expand transitional support programming that provides year-round support for first-year students	In 2020/21, the Early Support, Pathways to Success, New Student Orientation, and Registration Peer programs were all transitioned to online models as a result of pandemic-related restrictions placed on in-person learning and support. Each program successfully adapted delivery to meet the needs of students without having to pause or cancel offerings. Despite the change to mode of delivery, the Early Support program recorded a 110% increase in referrals over the previous year and the Pathways to Success program generated a 60% average improvement in participating students' confidence to be academically successful. Over 2,000 students participated in New Student Orientation for both Fall and Winter cohorts, and the Fall 2020 Orientation began its transition from a two-day event to a summer-long online orientation program focused on student transition.
Increase student retention rates	The first- to second-year retention rate, as reported to the Consortium for Student Retention Data Exchange (CSRDE), decreased slightly from 87.5% in 2018 to 85.9% in 2019, the most recent year for which data is available. CRSDE 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 2019 cohort retention rate was 86.2%, compared to a rate of 85.7% achieved in the previous year.
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 higher than Canadian comparator institutions. (Source: NSSE 2020)
Increase the use of Open Education Resources across programs	The use of Open Education Resources (OER) increased in the reporting period partly as a result of the alternative delivery necessitated by the pandemic. The Library has a dedicated website for OER and supported the development and implementation through faculty grants from the Library and the Academic Development Centre.

Institutional goal:

Create high-impact experiences in and out of the classroom

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
<p>Provide outreach and community learning experiences</p>	<p>As an Ashoka Changemaker Campus, Mount Royal continued to provide opportunities for students to engage in community learning experiences. In 2020/21, year two of the Catamount fellowship included eight exceptional senior students in highly impactful projects.</p> <p>The Trico Changemakers Studio continued to be a nexus for community-University partnerships. Students learned how to approach complex problems through systems thinking and social innovation. Students learned from mentors, gained work experience through internships and work placements, attended courses, events and programs, and connected with a network of changemakers and community practitioners.</p> <p>In response to the pandemic, a Work-Integrated Learning Alternatives (WILA) community-based program was introduced, which resulted in work placements with local non-profit organizations and small businesses.</p>
<p>Maintain a higher percentage of students who agree or strongly agree they feel a sense of belonging at their university than the comparator group</p>	<p>In 2021, 85% of graduating students at Mount Royal agreed they feel as if they belong at their university. This result was higher than students at comparator institutions, where 80% agreed they feel they belong at their institution. (Source CUSC 2021)</p>
<p>Increase student participation in community-building programs and services</p>	<p>From 2017 to 2020, a similar proportion of first- and fourth-year students said that in a typical week, they spent time doing community service or volunteer work: 41% of first-year students in 2017 and 2020, and 53% of fourth-year students in 2017 compared with 50% in 2020. (Source: NSSE 2017 and 2020)</p>
<p>Increase participation in student leadership opportunities</p>	<p>Compared to 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%. 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>

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 staff, faculty and management	This has been identified as a priority as it relates to Mount Royal's ability to help provide and demonstrate a diverse and inclusive workplace. Mount Royal has begun to lay the groundwork for collecting the self-identification data necessary to understand the diversity of its community.
Ensure workspaces are inspected for hazardous conditions at regular intervals and are conducive to a safe work environment	Mount Royal's campus is reviewed yearly by Facilities Management as a space audit, which includes looking for broken furniture equipment and general safety issues. Environmental Health and Safety (EH&S) inspects common areas throughout the campus; office and instruction areas are inspected when required. EH&S works with departments and individuals if issues arise. The Joint Occupational Health and Safety Committee (JOHSC) will leverage the new Safety Advisory Groups to reach and inspect department and office areas.
Increase the percentage of employees who have completed the basic health and safety orientation	The health and safety orientation is part of the onboarding process for new employees. By utilizing the EH&S Task and Training form, EH&S can directly target individuals who have not completed the required orientation and training.

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	Work-integrated learning (WIL) placements increased from 543 in 2019/20 to 592 in 2020/21. Virtual and remote placements continued to be the preference among students and employers. In addition, there was an increase in placements conditional on WIL funding, as many employers continued to experience financial impacts resulting from the pandemic. Mount Royal disbursed \$482,400 in federal Co-operative Education and Work-Integrated Learning (CEWIL) funding secured to support formal WIL placements, which resulted in increased participation in funded placements in 2020/21. Additional funding has been secured for disbursement in 2021/22. Many students delayed their work terms in order to experience in-person placements rather than virtual placements.
Expand student community engagement and Community Service Learning opportunities	There were 54 Community Service Learning (CSL) courses offered in 2020/21, which was consistent with the previous year's total of 53. Typically, students contribute more than 300,000 hours of community service learning at over 500 community organizations. In 2021, 11% of graduating students at Mount Royal said they had 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)
Increase the number of students participating in internship, co-op, practicum and clinical placements	From 2018 to 2021, the percentage of graduating students who said they had participated in WIL experiences was consistent (58% in 2018; 61% in 2021). (Source: CUSC 2021)
Increase the number of graduates with Community Service Learning citation on their transcript	The number of graduates with a CSL citation on their transcripts increased year-over-year, with 326 citations in 2019/20 and 387 in 2020/21.

Institutional goal:

Provide students with a liberal education

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Develop collaborative interdisciplinary programming	The Department of General Education engaged in a reflective exercise as part of a periodic review of all programs on campus. The completed self-study document will form the foundation for an external peer review and an internal community engagement process, to ensure the long-term effectiveness of Mount Royal's liberal education and interdisciplinary commitments within all of our degree programs. We also launched new program discussions founded on interaction between disciplines (e.g., data science between business and science).
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 is ongoing.

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	Despite the challenges created by the pandemic, Mount Royal was able to present a series of highly successful events during Research and Scholarship Days. These days were adapted to occur primarily online and included over 80 projects presented by over 130 students. These results are indicative of the high level of engagement by undergraduate researchers.
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 2.2% for 2020/21, compared to 2.9% for 2019/20. International enrolment in credit programs (mainly degrees) finished at roughly 20% above growth targets established prior to the pandemic. Total international enrolment, however, was 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 in-person learning. Given the foundations established for internationalization at Mount Royal, growth in international student enrolment is expected to be realized in 2021 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 2020/21.
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 more than 40 events for students in the 2020/21 academic year that were converted to online modes of delivery. In this reporting period, comprehensive support was provided by the Office of International Education to international students planning to enter Canada for academic study. The MRU International Student COVID-19 Plan was completed and approved by the Government of Alberta, 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 2020/21. However, International Education worked closely with academic departments on the continued development of new post-pandemic field school opportunities for students in several disciplines and regions.

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. However, in 2020/21, no students participated in inbound and outbound semester-abroad exchanges due to global travel and health restrictions.
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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	Mount Royal's endowment designated for student awards increased from \$43.0 million to \$43.8 million over the past year, on track to meet the goal of \$50 million by 2025.
Increase the proportion of Mount Royal's annual operating budget dedicated to bursaries, scholarships and awards.	In 2020/21, Mount Royal spent \$4.7 million on student awards, up from \$3.6 million in 2020. The proportion of the annual operating budget spent on student awards increased to 2.3% from 1.6%, significant 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 increased in the past year from 1,698 to 2,441; this was a significant increase from 16.6% to 22.7% of unique, full-time students (excluding Academic Upgrading) receiving University-administered awards. The increase is attributable to the establishment of the Student Tuition Bursary, which directed revenues from tuition increases to students demonstrating financial need.
Increase in the proportion of student awards funded through philanthropic commitments rather than operating dollars	In 2020/21, Mount Royal spent \$4.7 million on student awards (up from \$3.6 million in 2019/20). Donor-funded student awards totaled \$1.7 million (down from \$1.9 million), representing 37% (down from 52%) of total student award expenditures. The decrease in the proportion of student awards funded through philanthropic commitments resulted from the establishment of a Student Tuition Bursary, which directed revenues from tuition increases to students demonstrating financial need.

Institutional goal:

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

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
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	Mount Royal approved a three-year budget plan predicated on predictable provincial funding and enrolment growth. The fiscal plan prioritized resources for long-term strategic investment, efficient and effective service delivery models, faculty hiring in high-demand areas and containment of overall building operations costs through sustainability measures. The operating budget for 2021/22, 2022/23 and 2023/24 does not require the use of reserve funds to support base program and service delivery. While the pandemic is expected to be present in the 2021/22 fiscal year, it is not anticipated that the same financial impacts will be felt as in the 2020/21 fiscal year.
Repurpose vacant and unusable spaces in the main building (former Library and Conservatory space) as a cost-effective means of increasing instructional capacity	Funding was secured through the Government of Alberta and a private donor to renovate the spaces vacated in the Lincoln Park Building as a result of the construction of the Taylor Centre for the Performing Arts (TCPA) and the Riddell Library and Learning Centre (RLLC). A design/build RFP was awarded for the renovation of the former Conservatory spaces (W-Wing). Work is proceeding to complete the conceptual design on the former Library spaces (G-Wing).
Reduce the cost of delivery per FLE	Total operating expenditures per FLE, as reported in the Financial Information Reporting System (FIRS) and the consolidated financial statements, were reduced from \$21,992 in 2019/20 to \$18,521 in 2020/21.

Institutional goal:

Diversify our revenue sources and capitalize current assets

OUTCOMES AND PERFORMANCE MEASURES	PROGRESS REPORT
Review opportunities for strategic incorporation of commercial amenities in planning for new development or renovations of existing facilities, to enhance revenue generation	<p>Business and Retail Services has prepared two documents that outline future opportunities to streamline operations: a business case for License Plate Recognition for Parking and Transportation Services (PTS), and a Cougars Campus Store (CCS) analysis.</p> <p>The CCS analysis highlights how the CCS compares to other campus retail operations across Canada from a performative perspective, how the CCS must meet current challenges to remain operationally relevant, and what specific needs are required for the CCS to meet forecasted goals.</p> <p>PTS implemented new parking management software that has increased operational efficiencies and reduced labour expenditures.</p> <p>In addition, MRU Camps has resumed after two years of cancellation due to the pandemic.</p>
Maximize revenue generation through rental of the Bella Concert Hall and other campus spaces to external groups	<p>External bookings and concerts utilizing the Bella Concert Hall had increased to target levels prior to the pandemic. During the pandemic, arrangements were made to ensure continued use through online streaming and recording of performances and events to support continued client connections. As provincial health restrictions have eased, expressions of booking interests and planned activity levels have increased. A return to 2018/19 attendance levels and revenues are part of a two-year recovery plan that will see a wide range of artists and events in the Bella Concert Hall. Also, advancements have been made with the filming industry that has resulted in new revenue streams from indoor and outdoor space rentals for films and television programs.</p>
Increase revenue from sales of services and products	<p>PTS has prepared parking bylaws as required by the <i>Post-Secondary Learning Act</i> to allow for internal enforcement to increase revenues associated with parking violations. Previously, enforcement was outsourced to the Calgary Parking Authority, which caused two significant challenges: lack of consistent enforcement and loss of parking violation revenue.</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	Educational campaigns were suspended due to the pandemic and the resulting reduction in building capacity. They will resume later in 2021.
Reduce consumption and cost per square foot	Activities leading to the reduction in utility consumption are ongoing and successful. There is no major investment happening but incremental changes have had a major cumulative impact. These include modifications to the building automation systems and replacing existing light bulbs with LEDs.
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	Mount Royal achieved a High Silver STARS rating in its first submission to AASHE and is confident that a Gold STARS rating will be secured after the next submission in 2023.

Financial information

Management's discussion and analysis

This management discussion and analysis (MD&A) should be read in conjunction with the Mount Royal University consolidated financial statements and accompanying notes (see Appendix). The MD&A and audited financial statements are approved by the University Board of Governors on the recommendation of its Finance Committee and Audit and Risk Committee. The University's consolidated financial statements are prepared in accordance with the Public Sector Accounting Standards.

The following provides an overview of the financial results achieved in the fiscal year ended June 30, 2021, with discussion and analysis of the following areas:

- economic and operating environment
- financial health indicators
- financial risk
- fiscal year results

Economic and operating environment

Continued health restrictions related to the pandemic affected operations during the 2020/21 fiscal year, with the majority of Mount Royal's courses and services limited to remote delivery. Still, enrolment remained strong and the community stayed focused on service and advancement of key initiatives.

Mount Royal maintained strategic growth consistent with University objectives. Jurisdictions across Canada struggled to maintain stable enrolment levels, while post-secondary institutions in the Calgary region continued to experience strong demand for access to undergraduate degree offerings. As has been the case over the past several years, the University surpassed its enrolment targets with growth of 5.3% in 2020/21, achieved despite pandemic delivery constraints. The University remains committed and focused on ensuring its program and service offerings meet the needs of current and future Alberta learners.

The provincial government's reduction to base operating grants within the education sector continued into 2020/21 with further reductions projected for 2021/22 and 2022/23. A dollar figure determined using 5.0% of our 2021/22 base operating grant will be subject to metrics in the IMA; should targets not be met, this dollar value will be proportionally reduced from the 2022/23 base operating grant. At present, one metric has been introduced: the proportion of our 2021/22 programs offering work-integrated learning (WIL) opportunities to our students; targets were set on a per-institution basis across the province.

The necessarily evolving provincial health restrictions required to respond to the pandemic continued to present challenges for normalized on-campus operations. Commercial operations were significantly diminished

throughout 2020/21. Provincial health guidelines continue to be the determining factor in course delivery and revenue generating activities. The primary objective for 2021/22 is to maintain on-campus programs and activities and successfully relaunch all retail, services and offerings to the campus community and beyond throughout 2021/22.

In June, the Board of Governors approved a three-year budget plan that projected some continued level of pandemic-restriction impact on operations for the start of the 2021/22 program year, but also reflecting strategies for sustained enrolment growth and maintained quality and accessibility of student support services.

As Mount Royal transitions its fiscal year end in 2022, from June to March, the 2021/22 budget reflects the resulting nine-month transition timeframe for the current year only. Subsequent years' budgets reflect the standard 12-month (April 1 to March 31) budget year.

Financial health indicators

Long-term financial sustainability is fundamental to the continued delivery of Mount Royal's premium undergraduate programs and services.

The annual operating position reflects annual operating revenues less expenses, including spending on internally restricted funded activities. Internally restricted funded activities focus on advancing strategic initiatives, enabling investment in revenue generating capacity and priority capital investments. The annual budget is developed to generate a sufficient surplus to fund these strategic and investment needs.

Considering the ongoing impact of the pandemic on operations, Mount Royal continued to mitigate financial risk by exceeding enrolment targets and adapting service delivery that contributed to the University realizing a 3.9% operating surplus at the close of 2020/21. This was achieved despite substantially reduced revenues from commercial operations through organizational restructuring, significant fiscal restraint across all functions, prioritized process efficiencies and expense reduction in the revenue generating operations that experienced limited or no activity due to the pandemic.

Mount Royal's liquidity position and projections remained strong at the close of June 2021 with no borrowing on its \$40.0 million revolving operating line of credit and a \$3.9 million balance in its operating account. Ongoing liquidity planning is part of the budget planning cycle so the University can meet its long-term cash requirements through limited use of the operating line of credit. The University also continues to improve its net debt position over prior years' positions.

Financial risks

Achievement of the Mount Royal's strategic growth objective of 13,000 Full Load Equivalents (FLE) by 2025 is based on predictable, stable and sustained financial support from the Government of Alberta. This is particularly relevant given the pandemic creates long-term financial risk, primarily due to volatility in revenue generating activities.

Mount Royal's approved budget for next year, 2021/22, reflects several assumptions that are monitored and adjusted as the pandemic

continues. These include estimates for revenue and the related expenses for planned activity levels. This budget plans for a further 2.5% decrease to provincial grant funding, modest enrolment growth and a 7.0% increase from student tuition and fees (partially offset with the University's commitment to divert some of these funds to scholarships). As well, new collective agreements with the Mount Royal Staff Association and Mount Royal Faculty Association are currently in negotiation in a constrained and uncertain fiscal environment.

Fiscal year results

2020/21 consolidated financial results

Budget assumptions for 2020/21 included the anticipated Fall 2020 reopening of the campus and the resulting return to near pre-pandemic conditions. This was not the case and the effects of campus closures continued to have a significant impact on the revenues and expenses related to on-campus sales and services.

At the consolidated level, total operating revenues exceed expenses by \$9.5 million, excluding \$1.2 million of internally restricted fund spending. Revenues decreased by \$16.6 million over 2019/20 levels primarily due to the reduction in commercial sales, rentals and services as a consequence of the pandemic. Compared to 2019/20, expenses decreased by \$23.6 million in operations, excluding spending activity of \$1.2 million from internally restricted sources for special projects and strategic investments. Positive expenditure

variances were achieved through changes in accounting estimates and response to pandemic conditions by way of organizational restructuring and curtailment of non-discretionary spending.

Revenue

Total revenue for the period ended June 30, 2021 was \$212.8 million, compared to \$229.4 million in 2019/20. Revenues through Government of Alberta grants and student tuition and fees increased slightly to 89.2% of Mount Royal's income stream in 2020/21, compared to 89.1% in 2019/20. This change is a reflection of both the increase to student tuition and fees, and the decrease in sales of services and products.

Grant funding streams

Provincial grant revenue totalled \$105.0 million, reflecting a 2.5% year-over-year decrease to Mount Royal's operating grant. The general operating grant accounted for \$94.6 million of this total. The remaining balance is grants from other provincial agencies.

A variety of federal and other government grants contributed more than \$2.1 million to program-specific activities, including externally funded research activities.

Sales of services and products

Total revenues from sales of services and products were \$10.4 million. The pandemic continued to limit on-campus activities and the cancellation of activities that could not be offered or adapted for an online environment. This resulted in \$11.4 million lower-than-

budgeted revenues most significantly in the ancillary areas of parking, residence services, conferences and events, and Cougar athletics and recreation. With the return to in-person delivery in Fall 2021, much of this activity has restarted.

Student tuition and fees

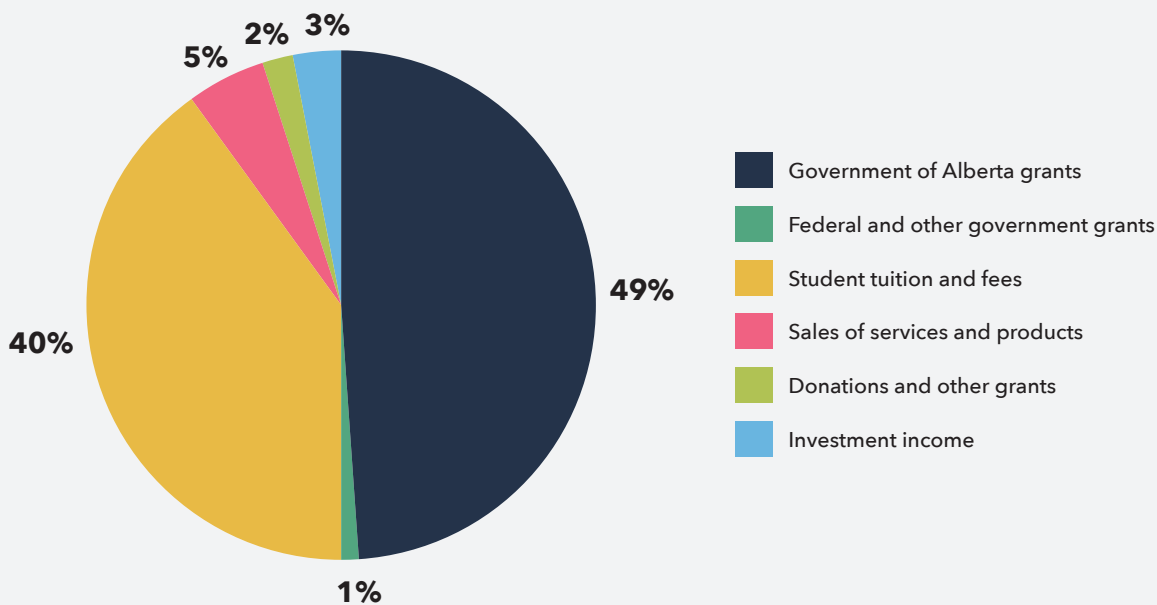
Over 2020/21, Mount Royal continued to experience strong enrolment and high application pressure, including the unanticipated continuance of international enrolment when international learning regulations opened to include online learning. This contributed to a 5.3% increase in enrolment and the addition of \$6.7 million in domestic and international credit tuition

and fees revenue over budget. Offsetting this growth in revenue was lower-than-budgeted non-credit tuition revenue as the pandemic continued to limit that activity.

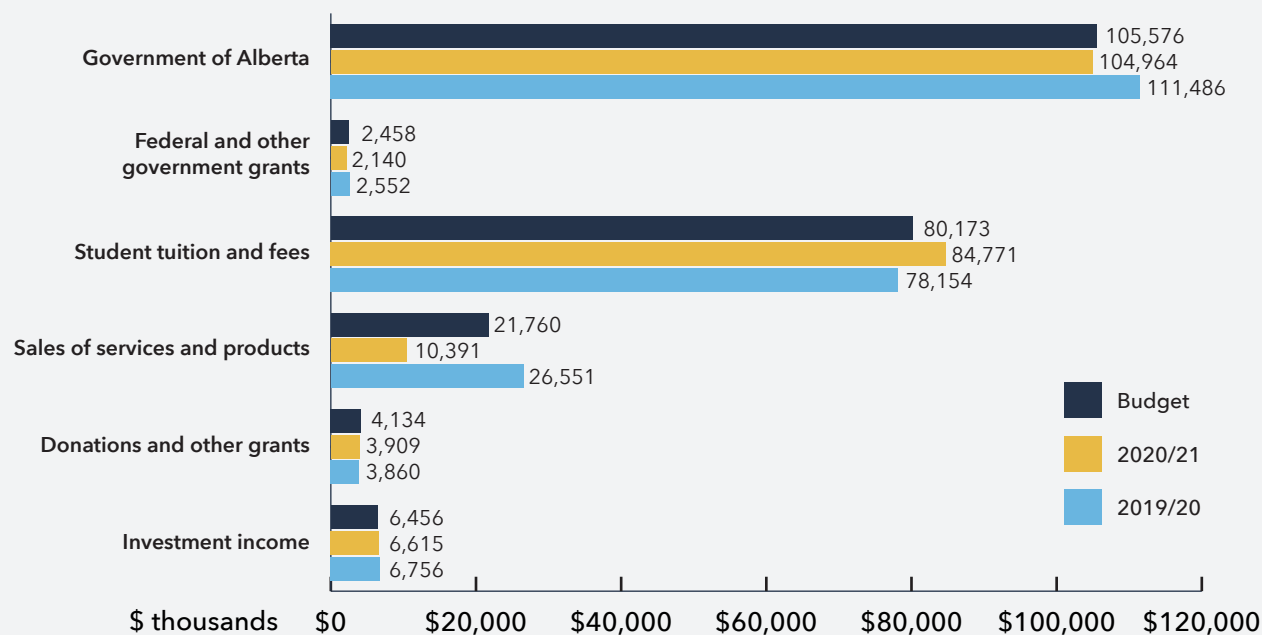
Investment income

Investment income of \$6.6 million was slightly over budget and the overall rate of return increased to 4.66% from that of 4.35% in 2019/20. In April 2021, it was announced that all prior restrictions of redemptions from the real estate fund were lifted. Normal trading operations resumed and outperformed its benchmark by 1.9%. Mount Royal continues to monitor and consult regularly with its advisors and fund managers to monitor conditions for impact to its investment portfolio.

Total revenue by source 2020/21



Total revenue by source - 2020/21 budget, actual and prior year



Expense

Total expenses for the period ended June 30, 2021 were \$204.5 million, \$14.2 million less than budgeted.

Salary and benefit expense

Similar to prior years' spending profiles, compensation expenses totalled 71.4% of Mount Royal's operations in 2020/21 continue to represent its single largest expense and, including benefits, was \$6.8 million under budget. These savings resulted primarily from a change in the estimated vacation liability as well as savings where positions had limited work or could not perform work remotely due to the pandemic.

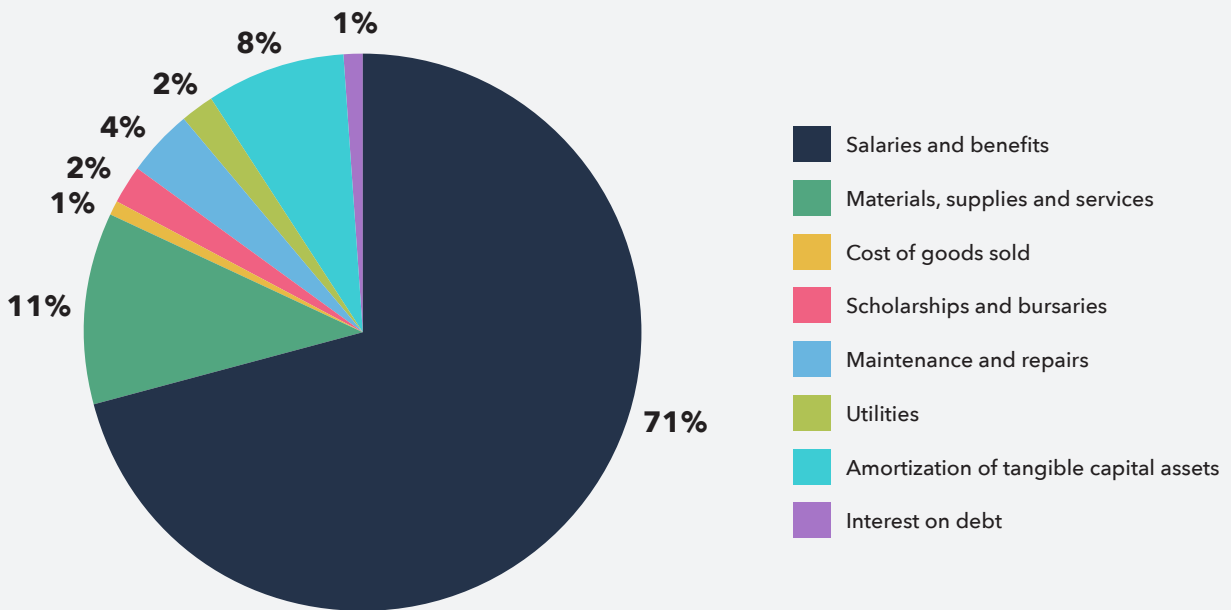
Materials, supplies and services

Materials, supplies and services expenditures were under budget by \$3.3 million due to reduced on-campus activities, limited travel and external meetings, and concerted efforts to reduce discretionary spending to offset budget challenges.

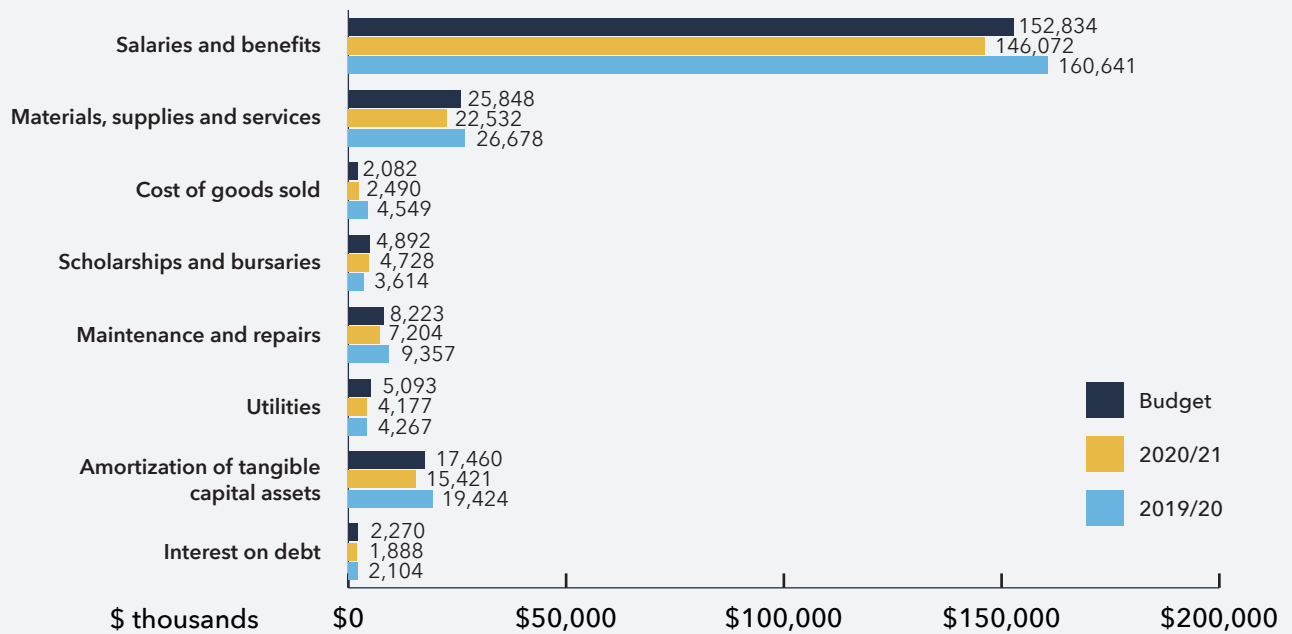
Cost of goods sold

The negative variance in cost of goods sold resulted from unplanned price increases and increased textbook sales due to enrolment growth and the successful shift to online sales and operations.

Expense by object 2020/21



Expense by object - 2020/21 budget, actual and prior year



Maintenance and repairs

Reinstated in 2020/21, the provincial capital maintenance renewal funding allowed Mount Royal to carry out critical maintenance. Total maintenance and repair activities were under budget due to the unbudgeted capitalization of those projects.

Utilities

Utility consumption was again under budget. Unplanned closures in many buildings continued as a result of the pandemic.

Amortization of tangible capital assets

The \$2.0 million savings in amortization primarily resulted from deferring the adoption of an accounting standard related to asset retirement obligations that was originally anticipated to be expensed.

Instruction

Instruction and non-sponsored research expenses ran below budget for 2020/21. This was due primarily to savings within salary and benefit expenses resulting from a change in the estimated vacation liability and the need for fewer instructors in the Faculty of Continuing Education and Extension as a result of enrolment decreases.

Academic and student support

Positive budget variances were attributable to the limitations placed on on-site campus activity and travel. Positions were held vacant

and spending did not occur in areas such as recruitment, in-person events and athletic travel where activity could not be carried out.

Facility operations and maintenance

Below budget amortization resulting from the deferred adoption of the asset retirement obligation accounting standard and the unplanned capitalization of facility projects contributed to the positive variance.

Institutional support

Strong oversight of discretionary spending resulted in only a minor negative variance.

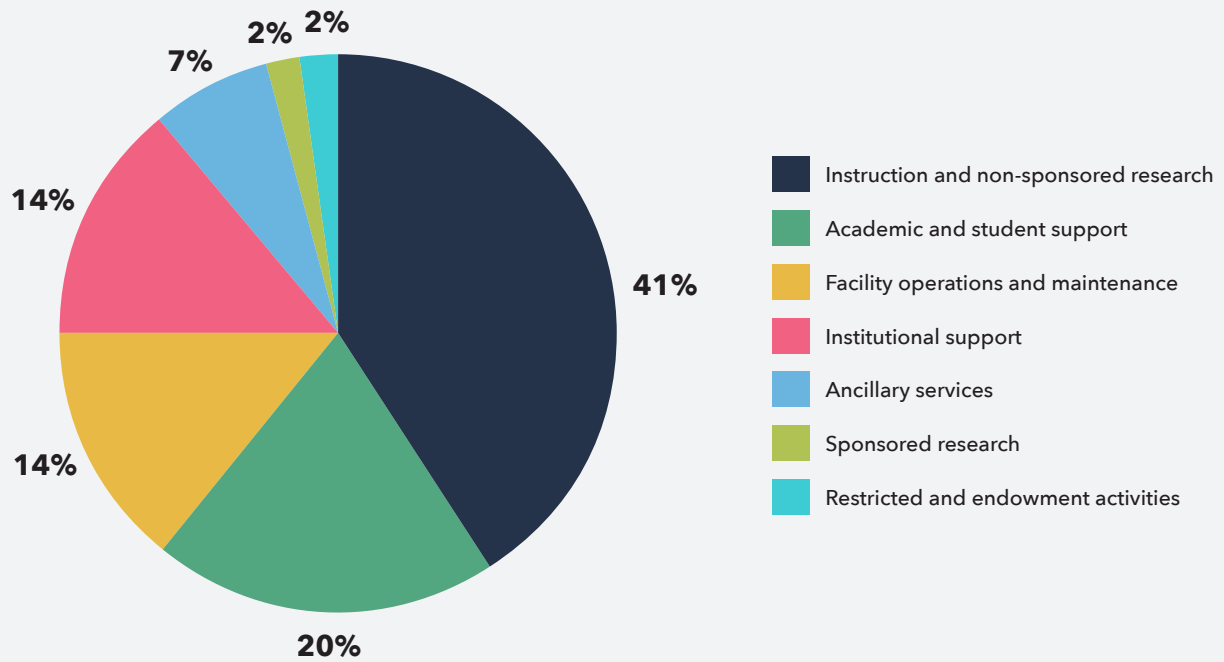
Ancillary services

Lower-than-budget spending levels were a direct result of decreased expenses and limited overhead allocation relative to under-budget sales activities in commercial operations during the pandemic.

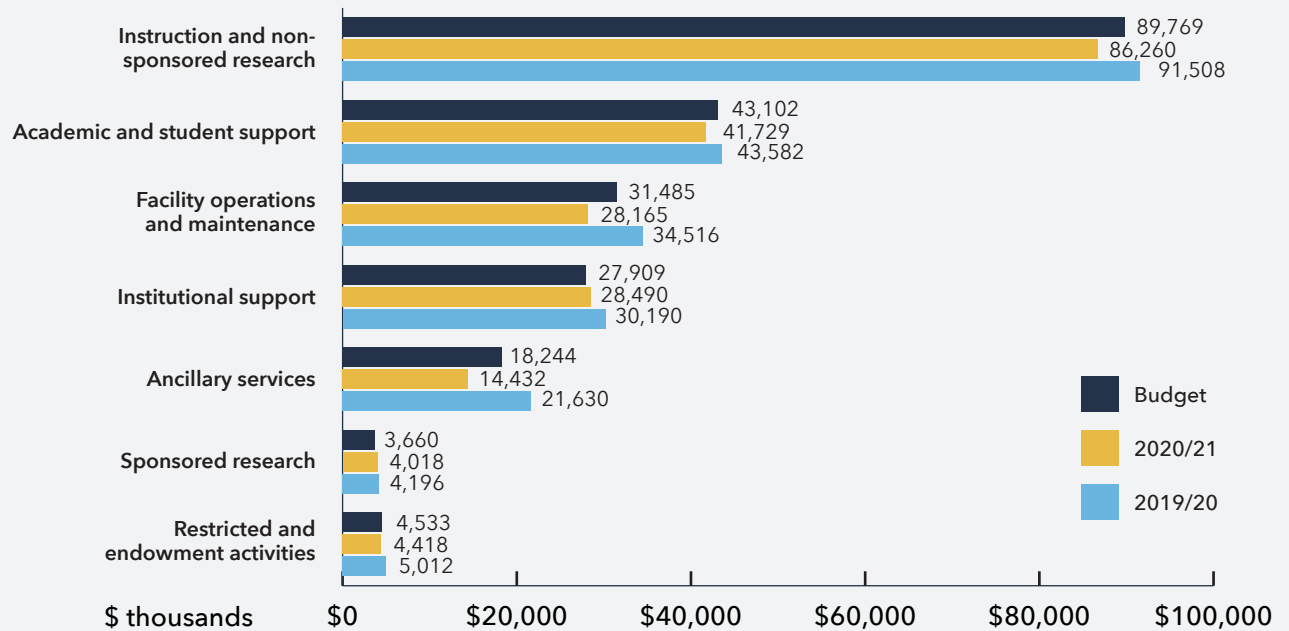
Sponsored research

Sponsored research expense beyond budget is a reflection of the growth of externally funded research projects and contracts at Mount Royal. All sponsored research is fully offset by external grant funding.

Expense by function 2020/21



Expense by function - 2020/21 budget, actual and prior year



The University as at June 30, 2021

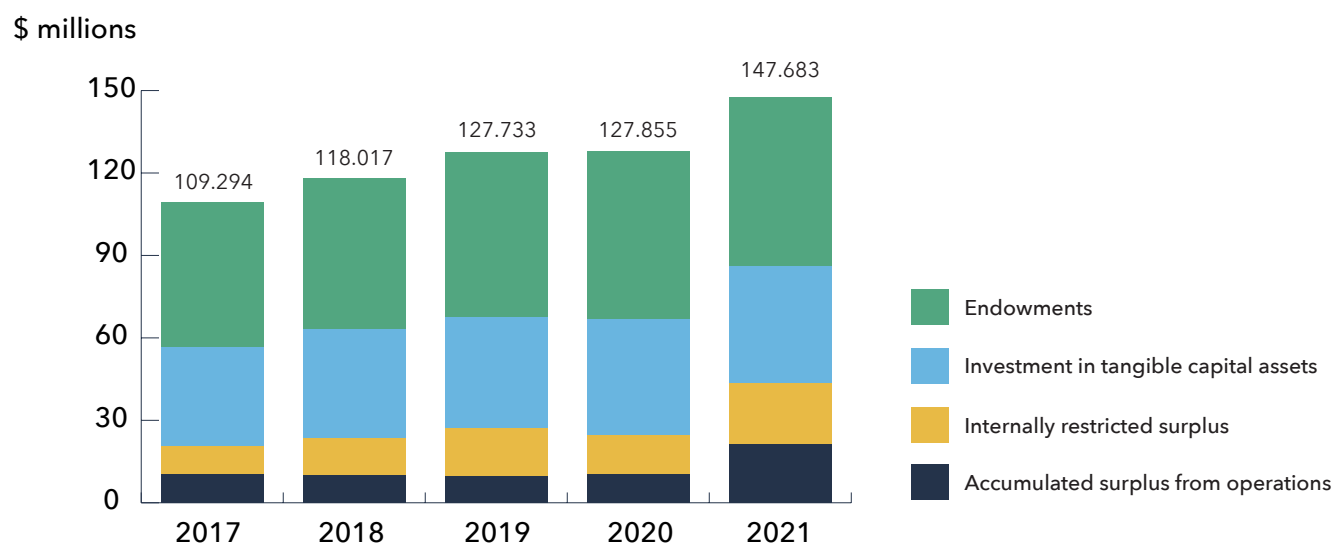
The 2020/21 annual surplus contributed to an increase in the accumulated surplus presented on the Statement of Financial Position. This balance represents the accumulation of available resources, including endowments and internal investment in physical infrastructure from prior years. The \$127.7 million total accumulated surplus at the close of 2020/21 comprises 48.2% in endowed balances that are restricted in their use (\$61.6 million), 33.4% in Mount Royal's net investment in existing tangible capital assets (\$42.6 million), 17.3% in internally restricted surplus (\$22.1 million) and the balance of 1.1% (\$1.5 million) in unrestricted net assets.

Mount Royal was able to realize a net increase to the internally restricted balance. Funds are needed to support institutional strategic priorities.

The financial position of Mount Royal upon conclusion of the 2020/21 fiscal year reflects the revenue and expense activities described above. The exercise of flexibility and responsiveness within the employment terms of staff through the pandemic and further efforts to constrain expenditures led to the positive financial outcome for the University despite the challenges.

Mount Royal improved its net financial asset position and its net assets overall as at June 30, 2021. The priorities are to support the academic mission and put in place protocols that protect the health and safety of the campus community during the pandemic. It is uncertain what the ongoing impact of the pandemic will have on revenues and what to expect from provincial government funding. While these factors challenge the University's objectives to grow to meet demand for its programs, Mount Royal remains focused on achieving its strategic goals in the face of uncertainty.

5 year trend of total accumulated surplus



Capital report

Approved project – Major construction

A \$50 million capital grant from the Government of Alberta was approved in support of Mount Royal's highest priority capital project of repurposing spaces vacated in the Lincoln Park Building following the opening of the Taylor Centre for the Performing Arts in 2015 and the Riddell Library and Learning Centre in 2017. A private donor added another \$15 million to support the project. This capital investment is critical to the University in meeting its goal to increase student enrolment and to enhance support for student success. The scope of the project includes repurposing of the vacated Conservatory space (W-Wing) into classrooms and the vacated Library space (G-Wing) to include a new student centre, study spaces, classrooms and centralized student services. This project will also revitalize Main Street and update aging building systems.

Planning - Science and Technology

A Facility Assessment was completed for the Faculty of Science and Technology B-Wing in July 2021. The report includes analysis of the building infrastructure and systems (structural, mechanical and electrical) and code reviews. Along with it, a masterplan engagement and functional program assessment of the Science and Technology spaces was also conducted.

These reports will assist the University in planning and prioritizing the development of this area. Next steps involve securing the funding for the renovations to commence.

Internally funded capital initiatives

A number of underused smaller classrooms were renovated to create six larger classrooms which provide support for physically distanced learning spaces and increased student intake. Using internal capital and reserve funding, renovations to three classrooms were completed in 2019/20 and the remaining three were completed in 2020/21.

Detailed breakdown of priority projects

Major construction					
	DESCRIPTION	FUNDING SOURCES	PROGRESS OF FUNDING COLLECTION	EXPECTED COMPLETION DATE	STATUS
Repurposing existing facilities (W-Wing and G-Wing)	Renovate vacated Conservatory and vacated Library space; add classrooms and expand main circulation	GOA Capital Grant; Donor Funds	Capital grant approved and donor funds secured	TBD	Design-build work is in progress for the vacated Conservatory space; functional programming and schematic design is underway for the vacated Library space
Repurpose existing facilities (B-Wing)	Renovate spaces to facilitate research (physiology lab, forensics lab and communications lab). Three grants have been approved from the Canada Foundation for Innovation (CFI)	40% CFI, 40% Provincial and 20% Internal	All funding has been approved	March 31, 2022	Renovation work is being tendered

Capital Maintenance Renewal (Deferred Maintenance)					
	DESCRIPTION	FUNDING SOURCES	PROGRESS OF FUNDING COLLECTION	EXPECTED COMPLETION DATE	STATUS
	Upgrade fire alarm system	Capital Maintenance Renewal (CMR) - GOA	Submitted via funding program mechanisms	March 2023	System design underway
	Upgrade access control, perimeter access, card swipes and CCTV	Capital Maintenance Renewal (CMR) - GOA	Submitted via funding program mechanisms	March 2023	Quotations have been approved for critical infrastructure access control and work will be underway shortly
	Conduct priority facility maintenance projects such as roofing, lighting, electrical upgrades, etc.	Capital Maintenance Renewal (CMR) - GOA	Submitted via funding program mechanisms	Ongoing	In progress

Priority Requests for Future Consideration

	DESCRIPTION	FUNDING SOURCES	PROGRESS OF FUNDING COLLECTION
Renovate existing facilities	Science & Technology (B-Wing) renovations: applied for planning funds to advance to schematic design and design development phase	Capital Grant - GOA	Submitted via funding program mechanisms
Modifications	East and West Gate Entrance upgrades: includes pressure modifications, heat control and automatic (touchless) doors	Capital Maintenance Renewal (CMR) - GOA	Submitted via funding program mechanisms
Energy efficiency and savings	Combined Heat and Power (CHP) Unit installations: RLLC and TCPA buildings	Capital Maintenance Renewal (CMR) - GOA	Submitted via funding program mechanisms

Research, applied research and scholarly activities

Strategic Research and Scholarship Plan

The 2020/21 academic year marks the midpoint of our Strategic Research and Scholarship Plan: *Discovery and Changemaking Through Research and Scholarship* (2018-2023). The plan builds on the previous five-year plan and reflects Mount Royal's growing capacity for applied research and scholarship. We are on track to meet the targets identified in that plan and will begin the process to renew the plan for another five years.

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. 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 institution values research and scholarship across the full spectrum of creative, disciplinary, interdisciplinary, professional and applied realms. Committed to community-based research, Mount Royal strongly values its partnerships with Indigenous communities.

Research and scholarship at Mount Royal is 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. The quality and impact of scholarly activity take precedence over purely quantitative counts of output.

Tri-Agency, Canada Foundation for Innovation and other sponsored research

Mount Royal formally met all of the matching funding requirements to accept and implement the first Canada Foundation for Innovation awards for the institution. Three projects have been fully funded including: *Forensics of wildfire debris using GCxGC TOF* (Gwen O'Sullivan - \$546,000), *Digital dialogues: Podcasting for knowledge mobilization and community building* (Meg Wilcox and Brad Clark - \$75,000) and *The unstable ankle: Uncovering the mechanisms of foot-ankle stability* (Michael Asmussen - \$780,000). These awards will provide significant enhancement to institutional research infrastructure, including renovations for adequate laboratory space.

New Tri-Agency awards were granted to six Mount Royal faculty members with a value of over \$360,000. Growing success in these applications is supported by dedicated resources in the Office of Research, Scholarship and Community Engagement.

Another area of progress in enhancing research capacity is in the appointment of post-doctoral

fellows (PDFs). Mount Royal has an approved set of terms and conditions that provide for high quality PDF opportunities. During the reporting year we continued one existing PDF, added a new Mitacs-funded PDF in human physiology and posted an additional opportunity in the area of the scholarship of teaching and learning.

Canada Research Chairs (CRCs)

Three new CRCs were successfully awarded and commenced work in the reporting year: Ranjan Datta, PhD, in community disaster research, Cherie Woolmer, PhD, in the scholarship of teaching and learning and Michael Asmussen, PhD, in human physiology. These new chairs represent a significant opportunity to increase Mount Royal's scholarly capacity and reputation. Chairs will be research leaders on campus. We were unsuccessful in a nomination for a CRC in design thinking and have reallocated that position in the area of global supply management. Competitions for this and a CRC in Indigenous studies will be launched in the next academic year.

Tracking research and scholarship activity

Mount Royal implemented a new faculty annual reporting system in 2020/21 that will greatly assist in our ability to document and report the research and scholarship activities of our community. Faculty-180 is a system used widely across the North American post-secondary ecosystem and provides a secure and effective platform for faculty members to curate their work. We have already benefited from the new system in an accreditation application

from our business school. The authors of the accreditation documents estimate that they were able to include at least 20% more research and scholarly activity than was available in the previous tracking system.

Mount Royal institutes

2020/21 was a challenging year for the conduct of community-engaged research due to the global pandemic; however, our institutes continued to demonstrate their ability to adapt and provide applied research solutions to the region. For example, The Trico Changemakers Studio pivoted from a focus on engagement on the Mount Royal campus and worked closely with communities on the following projects:

- The Life Long Learning and Youth Belonging Labs in the Crowsnest Pass engaged over 150 community members ranging from elementary school students to retirees, local politicians and business owners.
- The Mental Health Systems Mapping project engaged 75 participants from across Calgary's mental health landscape, along with staff from the Calgary Foundation and experts in funding systems change from across North America.
- The newly launched Nonprofit Resilience Lab will engage hundreds of stakeholders, actors and community members from across the social sector in Calgary and beyond.

Appendix

The audited financial statements of Mount Royal University for the year 2020/21 are provided as an appendix to this Annual Report and include the independent auditor's report, consolidated financial statements and notes to the consolidated financial statements.



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**CONSOLIDATED
FINANCIAL STATEMENTS**

YEAR ENDED

JUNE 30, 2021

Mount Royal University

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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STATEMENT OF MANAGEMENT RESPONSIBILITY

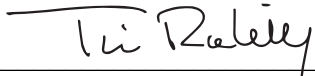
The consolidated financial statements of Mount Royal University ("the University") have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements present fairly the financial position of the University as at June 30, 2021 and the results of its operations, change in net financial assets, remeasurement gains and losses and cash flows for the year 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.

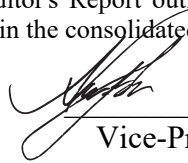
The Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities.

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



Vice-President, Finance and Administration

Independent Auditor's Report



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 June 30, 2021, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year 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 June 30, 2021, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

October 7, 2021
Edmonton, Alberta



Mount Royal University

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	2021	2020
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 3,984	\$ 37
Portfolio investments - non-endowment (note 3)	100,758	84,769
Accounts receivable (note 5)	12,470	11,998
Inventories held for sale	649	578
	117,861	97,382
Liabilities		
Accounts payable and accrued liabilities	16,518	22,272
Employee future benefit liabilities (note 6)	2,315	2,581
Debt (note 7)	47,755	61,146
Deferred revenue (note 8)	60,307	34,500
	126,895	120,499
(Net debt) excluding portfolio investments restricted for endowments	(9,034)	(23,117)
Portfolio investments - restricted for endowments (note 3)	75,196	66,175
Net financial assets	66,162	43,058
Non-financial assets		
Tangible capital assets (note 10)	326,493	336,627
Inventories of supplies	78	58
Prepaid expenses	243	280
	326,814	336,965
Net assets before spent deferred capital contributions	\$ 392,976	\$ 380,023
Spent deferred capital contributions (note 9)	245,293	252,168
Net assets (note 11)	\$ 147,683	\$ 127,855
Net assets is comprised of:		
Accumulated surplus	127,727	118,748
Accumulated remeasurement gains	19,956	9,107
	\$ 147,683	\$ 127,855

Contingent assets and contractual rights (notes 13 and 15)
 Contingent liabilities and contractual obligations (notes 14 and 16)

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



Mount Royal University
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2021

	Budget	2021	2020
Revenues			
Government of Alberta grants (note 20)	\$ 105,576	\$ 104,964	\$ 111,486
Federal and other government grants (note 20)	2,458	2,140	2,552
Sales of services and products	21,760	10,391	26,551
Student tuition and fees	80,173	84,771	78,154
Donations and other grants	4,134	3,909	3,860
Investment income	6,456	6,615	6,756
	<u>220,557</u>	<u>212,790</u>	<u>229,359</u>
Expenses (note 17)			
Instruction and non-sponsored research	89,769	83,260	91,508
Academic and student support	43,102	41,729	43,582
Facility operations and maintenance	31,485	28,165	34,516
Institutional support	27,909	28,490	30,190
Ancillary services	18,244	14,432	21,630
Sponsored research	3,660	4,018	4,196
Restricted and endowment activities	4,533	4,418	5,012
	<u>218,702</u>	<u>204,512</u>	<u>230,634</u>
Annual operating surplus (deficit)	1,855	8,278	(1,275)
Endowment contributions (note 11)		350	811
Endowment capitalized investment income (note 11)		351	-
Annual surplus (deficit)	1,855	8,979	(464)
Accumulated surplus, beginning of year	118,748	118,748	119,212
Accumulated surplus, end of year	<u>\$ 120,603</u>	<u>\$ 127,727</u>	<u>\$ 118,748</u>

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



Mount Royal University

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED JUNE 30, 2021 (thousands of dollars)

	Budget	2021	2020
Annual surplus (deficit)	\$ 1,855	\$ 8,979	\$ (464)
Acquisition of tangible capital assets	(5,769)	(5,287)	(6,899)
Proceeds from sale of tangible capital assets		5	16
Amortization of tangible capital assets	17,460	15,410	19,393
Loss on disposal of tangible capital assets		6	15
Change in inventories of supplies		(20)	(3)
Change in prepaid expenses		37	102
Change in spent deferred capital contributions (note 9)	(9,167)	(6,875)	(10,941)
Change in accumulated remeasurement gains		10,849	586
Increase in net financial assets	4,379	23,104	1,805
Net financial assets, beginning of year	43,058	43,058	41,253
Net financial assets, end of year	\$ 47,437	\$ 66,162	\$ 43,058

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



Mount Royal University

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES YEAR ENDED JUNE 30, 2021 (thousands of dollars)

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 9,107	\$ 8,521
Unrealized gains attributable to:		
Portfolio investments - non-endowment	11,409	1,384
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments - non-endowment	(560)	(798)
Accumulated remeasurement gains, end of year	\$ 19,956	\$ 9,107

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



Mount Royal University
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)

	2021	2020
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 8,979	\$ (464)
Add (deduct) non-cash items:		
Amortization of tangible capital assets	15,410	19,393
(Gain) on sale of portfolio investments	(799)	(809)
Loss on disposal of tangible capital assets	6	15
Expended capital recognized as revenue	(9,286)	(12,366)
(Decrease) increase in employee future benefit liabilities	(266)	223
Change in non-cash items	14,044	5,992
(Increase) decrease in accounts receivable	(472)	1,383
(Increase) decrease in inventories held for sale	(71)	506
(Decrease) in accounts payable and accrued liabilities	(5,754)	(3,129)
(Increase) in inventories of supplies	(20)	(3)
Increase in deferred revenue	17,487	5,580
Decrease in prepaid expenses	37	102
Cash provided by operating transactions	25,251	10,431
INVESTING TRANSACTIONS		
Purchases of portfolio investments	(12,975)	(9,803)
Proceeds on sale of portfolio investments	7,933	5,615
Cash (applied to) investing transactions	(5,042)	(4,188)
FINANCING TRANSACTIONS		
Debt - repayment	(14,363)	(11,277)
Debt - new financing	972	10,362
Increase in spent deferred capital contributions, less expended capital recognized as revenue, less in-kind donations	2,409	1,222
Cash (applied to) provided by financing transactions	(10,982)	307
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets, less in-kind donations	(5,285)	(6,696)
Proceeds on disposal of tangible capital assets	5	16
Cash (applied to) capital transactions	(5,280)	(6,680)
Increase (decrease) in cash	3,947	(130)
Cash, beginning of year	37	167
Cash, end of year	\$ 3,984	\$ 37

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



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(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 is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2. Summary of significant accounting policies and reporting practices

a. General - Public Sector Accounting Standards (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 and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The University management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets and the revenue recognition for expended capital are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these 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	Amortized cost
Inventories held for sale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Amortized 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 costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)

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

b. Valuation of financial assets and liabilities (continued)

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

YEAR ENDED JUNE 30, 2021

(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. Inventories of supplies are valued at cost.

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.

In previous years, University buildings have been amortized on a straight line basis over 20 - 40 years. In the current year 2021, management concluded that the useful life on its buildings should be revised to 20 - 50 years the impact of which is a reduction of \$3.4M in amortization expense in the current year and future years until fully amortized.

g. Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)

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

g. Foreign currency translation (continued)

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.

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

YEAR ENDED JUNE 30, 2021

(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*.
- The Mount Royal University Child Care Centre is a non-profit organization that is incorporated under the *Societies Act of Alberta*.

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

j. 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:

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

As at June 30, 2021 there was no liability 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.

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 not related to research that are intended for a specific purpose not related to research.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)

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

i. 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 by the Board of Governors.

m. Future accounting changes

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 2018, PSAB approved PS 3400 Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on Revenue, specifically addressing Revenue arising from exchange transactions and unilateral transactions.

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 guideline, and is currently assessing the impact of them on the consolidated financial statements.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)

3. Portfolio investments

	2021	2020
Portfolio investments - non-endowment	\$ 100,758	\$ 84,769
Portfolio investments - restricted for endowments	75,196	66,175
	\$ 175,954	\$ 150,944

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

	2021				Total
	Market yield	Level 1	Level 2	Level 3	
Portfolio investments at fair value					
Pooled investments in bonds					
Canadian bonds	(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 %

	2020				Total
	Market yield	Level 1	Level 2	Level 3	
Portfolio investments at fair value					
Pooled investments in bonds					
Canadian bonds	7.88 %	\$ -	\$ 31,533	\$ -	\$ 31,533
Pooled investments in equities					
Canadian equities	(2.20)%	-	21,289	-	21,289
Foreign equities	6.61 %	-	67,838	-	67,838
Pooled real estate units	4.51 %	-	-	30,270	30,270
Other ^(a)		-	-	14	14
Total portfolio investments		-	120,660	30,284	150,944
		- %	80 %	20 %	100 %

(a) Other portfolio investment is composed of a donated life insurance policy (level 3) and cash pending investment (level 1) by the University Student Investment Fund established in 2021.



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)

3. 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:

	2021	2020
Balance, beginning of year	\$ 30,284	\$ 29,650
Proceeds on sale	-	(700)
Unrealized gains	2,220	1,192
Gain on sale	-	142
Balance, end of year	<u>\$ 32,504</u>	<u>\$ 30,284</u>

4. 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 June 30, 2021, 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 bonds	\$ 32,744	\$ (819)	\$ (327)	\$ 327	\$ 819
Canadian equities	29,624	(741)	(296)	296	741
Foreign equities	80,976	(2,024)	(810)	810	2,024
Real estate	32,489	49	19	(19)	(49)
	<u>\$ 175,833</u>	<u>\$ (3,535)</u>	<u>\$ (1,414)</u>	<u>\$ 1,414</u>	<u>\$ 3,535</u>



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)

4. 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	\$ 49,104	\$ (744)	\$ (298)	\$ 298	\$ 744
Euro	7,077	(15)	(6)	6	15
British pound	3,045	(3)	(1)	1	3
Japanese yen	4,907	(7)	(3)	3	7
Chinese yuan	3,976	(5)	(2)	2	5
	<u>\$ 68,109</u>	<u>\$ (774)</u>	<u>\$ (310)</u>	<u>\$ 310</u>	<u>\$ 774</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:

	2021	2020
Credit rating		
AAA	36.23 %	35.71 %
AA	35.32	36.96
A	15.59	14.85
BBB	12.84	12.46
Not rated	0.02	0.02
	<u>100.00 %</u>	<u>100.00 %</u>

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 million that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost-effective manner. At June 30, 2021, the University has not committed any borrowing facilities (2020 - \$9,715).



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. Financial risk management (continued)

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 7).

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
Bond	\$ 32,744	\$ 7,249	\$ 2,899	\$ (2,464)	\$ (6,160)
Real estate	32,489	815	322	(322)	(815)

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 investments, fixed income	0.35	38.95	60.70	(2.39)

5. Accounts receivable

	2021	2020
Accounts receivable	\$ 3,279	\$ 2,439
Receivable from the Students Association of Mount Royal University (note 7)	9,191	9,559
	\$ 12,470	\$ 11,998

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 million to fund the costs of construction for the expansion, and the SAMRU is repaying the amount on the same terms and conditions as the borrowing outlined in note 7.



Mount Royal University
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6. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2021	2020
Long-term disability	\$ 2,066	\$ 1,807
Administrative leave including deferred salary plans	28	483
Supplementary executive retirement plans - defined benefit	174	192
Supplementary executive retirement plans - defined contribution (note 21)	47	99
	<u>\$ 2,315</u>	<u>\$ 2,581</u>

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 July 2, 2020, 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 June 30, 2021 and incorporated the change to total pension coverage. The next actuarial valuation will be carried out on June 30, 2022.

b. Administrative leave

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.

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 June 30, 2019. The next actuarial valuation will be carried out on June 30, 2022.

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 \$20 (2020 - \$48).



Mount Royal University
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6. Employee future benefit liabilities (continued)

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

	2021			
	Long-term disability	Administrative leave	Defined benefit	Defined contribution
Expense				
Current service cost	\$ 259	\$ -	\$ -	\$ 20
Interest cost	-	-	8	-
Amortization of net actuarial loss	-	-	13	-
Total expense	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 20</u>
Financial position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 1,807	\$ 166	\$ 192	\$ 99
Current service cost	259	-	-	20
Interest cost	-	-	8	-
Amortization of net actuarial loss	-	-	13	-
Benefits paid	-	(166)	(39)	(72)
Balance, end of year	<u>\$ 2,066</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 47</u>
2020				
	Long-term disability	Administrative leave	Defined benefit	Defined contribution
Expense				
Current service cost	\$ (57)	\$ 30	\$ -	\$ 48
Interest cost	-	-	9	-
Amortization of net actuarial loss	-	-	12	-
Total expense	<u>\$ (57)</u>	<u>\$ 30</u>	<u>\$ 21</u>	<u>\$ 48</u>
Financial position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 1,864	\$ 136	\$ 209	\$ 66
Current service cost	(57)	30	-	48
Interest cost	-	-	9	-
Amortization of net actuarial loss	-	-	12	-
Benefits paid	-	-	(38)	(15)
Balance, end of year	<u>\$ 1,807</u>	<u>\$ 166</u>	<u>\$ 192</u>	<u>\$ 99</u>



Mount Royal University
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6. Employee future benefit liabilities (continued)

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

	2021		2020	
	Long-term disability	Defined benefit	Long-term disability	Defined benefit
Accrued benefit obligation:				
Discount rate	1.70 %	3.20 %	2.45 %	3.20 %
Benefit cost:				
Discount rate	2.50 %	3.20 %	2.45 %	3.20 %
Inflation (long-term)	2.00 %	2.00 %	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, 2020, the LAPP reported an actuarial surplus of \$4,961,337 (2019 - \$7,913,621). An actuarial valuation of the LAPP was carried out as at December 31, 2019 and was then extrapolated for December 31, 2020. The pension expense recorded in the consolidated financial statements is \$11,451 (2020 - \$11,806).



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. Debt

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

	2021			2020	
	Collateral ⁽¹⁾	Maturity	Interest rate %	Amortized cost	
Debentures payable to the Department of Treasury Board and Finance:					
West Student Residence	1	August 15, 2027	6.1250 %	\$ 14,562	\$ 16,190
Taylor Centre for the Performing Arts	1	March 17, 2029	3.1250 %	7,383	8,184
Mount Royal University Parkade	1	September 24, 2035	4.8675 %	15,074	15,775
MRU Student Association's Wyckham Student Centre (note 5)	1	June 15, 2037	5.0030 %	9,191	9,559
Short-term line of credit			1.7000 %	-	9,715
Liabilities under capital leases (note 16)			(1.8835)%	1,545	1,723
Balance, end of year				\$ 47,755	\$ 61,146

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

Principal and interest repayments are as follows:

Year	Principal	Interest	Total
2022	\$ 4,399	\$ 2,399	\$ 6,798
2023	4,331	2,222	6,553
2024	4,331	2,040	6,371
2025	4,329	1,704	6,033
2026	4,521	1,483	6,004
Thereafter	25,844	5,686	31,530
	\$ 47,755	\$ 15,534	\$ 63,289

Interest expense on debt is \$1,888 (2020 - \$2,104) 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 million (2020 - \$40 million). The interest rate is prime less 0.75% (2021 - 1.7%, 2020 - 2.45%), payable monthly. The principal is due on demand or at the borrower's discretion.



Mount Royal University
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8. Deferred revenue

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

	2021			2020	
	Unspent externally restricted grants and donations	Unspent externally restricted capital contributions	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 21,304	\$ 6,848	\$ 6,348	\$ 34,500	\$ 28,403
Grants, tuition, donations received during the year	15,765	10,000	7,007	32,772	20,630
Investment income	2,762	-	-	2,762	2,275
Unrealized gains	8,320	-	-	8,320	517
Transfers to spent deferred capital contributions	(1,837)	(574)	-	(2,411)	(1,425)
Recognized as revenue	(9,107)	(181)	(6,348)	(15,636)	(15,900)
Balance, end of year	\$ 37,207	\$ 16,093	\$ 7,007	\$ 60,307	\$ 34,500

9. Spent deferred capital contributions

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

	2021	2020
Spent deferred capital contributions, beginning of year	\$ 252,168	\$ 263,109
Transfers from unspent externally restricted grants and donations	1,837	260
Transfers from unspent deferred capital contributions	574	1,165
Expended capital recognized as revenue	(9,286)	(12,366)
Net change for the year	(6,875)	(10,941)
Balance, end of year	\$ 245,293	\$ 252,168



Mount Royal University
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10. Tangible capital assets

	2021					2020
	Land	Buildings ⁽¹⁾	Learning resources	Furnishings, equipment and systems ⁽²⁾	Total	Total
Cost						
Balance, beginning of year	\$ 6,815	\$ 488,617	\$ 6,680	\$ 66,738	\$ 568,850	\$ 564,665
Acquisitions	-	2,090	649	2,548	5,287	6,899
Disposals, including write-downs	-	-	(811)	(7,170)	(7,981)	(2,714)
	<u>6,815</u>	<u>490,707</u>	<u>6,518</u>	<u>62,116</u>	<u>566,156</u>	<u>568,850</u>
Accumulated amortization						
Balance, beginning of year	\$ -	\$ 181,651	\$ 3,259	\$ 47,313	\$ 232,223	\$ 215,513
Amortization expense	-	9,001	733	5,676	15,410	19,393
Effects of disposals, including write-downs	-	-	(811)	(7,159)	(7,970)	(2,683)
	<u>-</u>	<u>190,652</u>	<u>3,181</u>	<u>45,830</u>	<u>239,663</u>	<u>232,223</u>
Net book value, June 30, 2021	<u>6,815</u>	<u>300,055</u>	<u>3,337</u>	<u>16,286</u>	<u>326,493</u>	
Net book value, June 30, 2020	\$ 6,815	\$ 306,966	\$ 3,421	\$ 19,425		\$ 336,627

(1) No interest was capitalized by the University in 2021 or 2020.

(2) Furnishings, equipment and systems include computer software, hardware, and all furniture and non-computing capital equipment. Historical cost includes work in progress at June 30, 2021 of \$732 (2020 - \$594).

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

YEAR ENDED JUNE 30, 2021

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11. Net assets

	Accumulated surplus from operations	Internally restricted surplus	Investment in tangible capital assets ⁽¹⁾	Endowments	Total
Net assets, as at June 30, 2019	\$ 9,805	\$ 17,275	\$ 40,607	\$ 60,046	\$ 127,733
Annual operating (deficit)	(1,275)	-	-	-	(1,275)
Endowments					
New donations	-	-	-	811	811
Tangible capital assets					
Amortization of tangible capital assets	7,027	-	(7,027)	-	-
Acquisition of tangible capital assets	(4,110)	(1,363)	5,473	-	-
Debt repayment	(4,200)	-	4,200	-	-
Debt - new financing	647	-	(647)	-	-
Net book value of tangible capital asset disposals	31	-	(31)	-	-
Operating expenses funded from internally restricted surplus	3,701	(3,701)	-	-	-
Net Board appropriation to internally restricted surplus	(2,000)	2,000	-	-	-
Change in accumulated remeasurement gains	586	-	-	-	586
Net assets, beginning of year	10,212	14,211	42,575	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 June 30, 2021	\$ 21,419	\$ 22,082	\$ 42,624	\$ 61,558	\$ 147,683

(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	\$ 1,463	\$ 22,082	\$ 42,624	\$ 61,558	\$ 127,727
Accumulated remeasurement gains	19,956	-	-	-	19,956
	\$ 21,419	\$ 22,082	\$ 42,624	\$ 61,558	\$ 147,683



Mount Royal University

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YEAR ENDED JUNE 30, 2021

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12. Internally restricted surplus

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

Internally restricted net assets with significant balances include:

	2021			
	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end of year
Appropriations for capital activities				
Capital renewal	\$ 3,765	\$ -	\$ 468	\$ 3,297
Commercial operations project planning	1,988	-	314	1,674
Residence	838	-	104	734
	<u>6,591</u>	<u>-</u>	<u>886</u>	<u>5,705</u>
Appropriations for operating activities				
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
	<u>7,620</u>	<u>9,500</u>	<u>743</u>	<u>16,377</u>
Total	<u>\$ 14,211</u>	<u>\$ 9,500</u>	<u>\$ 1,629</u>	<u>\$ 22,082</u>
	2020			
	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end of year
Appropriations for capital activities				
Capital renewal	\$ 5,192	\$ -	\$ 1,427	\$ 3,765
Commercial operations project planning	2,290	-	302	1,988
Residence	1,190	-	352	838
	<u>8,672</u>	<u>-</u>	<u>2,081</u>	<u>6,591</u>
Appropriations for operating activities				
Research and special projects	2,299	-	374	1,925
Academic strategic development	1,169	-	115	1,054
University effectiveness and community needs	4,924	2,000	2,490	4,434
Scholarships and bursaries	211	-	4	207
	<u>8,603</u>	<u>2,000</u>	<u>2,983</u>	<u>7,620</u>
Total	<u>\$ 17,275</u>	<u>\$ 2,000</u>	<u>\$ 5,064</u>	<u>\$ 14,211</u>



Mount Royal University

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13. 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.

14. 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 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.

15. 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
2022	\$ 47	\$ 3,065	\$ 3,112
2023	51	1,989	2,040
2024	37	1,471	1,508
2025	-	975	975
2026	-	453	453
Thereafter	-	-	-
Total at June 30, 2021	\$ 135	\$ 7,953	\$ 8,088
Total at June 30, 2020	\$ 173	\$ 5,558	\$ 5,731



Mount Royal University

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. 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⁾	Information systems and technology	Aviation	Total
2022	\$ 185	\$ 23,266	\$ 660	\$ 164	\$ 24,275
2023	-	12,334	237	121	12,692
2024	-	4,437	13	76	4,526
2025	-	2,876	-	31	2,907
2026	-	2,635	-	-	2,635
Thereafter	-	454	-	-	454
Total at June 30, 2021	\$ 185	\$ 46,002	\$ 910	\$ 392	\$ 47,489
Total at June 30, 2020	\$ -	\$ 36,183	\$ 1,092	\$ -	\$ 37,275

(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 for the year ending June 30, 2022 are expected to be approximately \$4.8 million.

17. Expense by object

The following is a summary of expense by object:

	2021		2020
	Budget (note 22)	Actual	Actual
Salaries	\$ 131,214	\$ 123,726	\$ 138,475
Employee benefits	21,620	22,346	22,166
Materials, supplies and services	25,848	22,532	26,678
Cost of goods sold	2,082	2,490	4,549
Scholarships and bursaries	4,892	4,728	3,614
Maintenance and repairs	8,223	7,204	9,357
Utilities	5,093	4,177	4,267
Amortization of tangible capital assets	17,460	15,421	19,424
Interest on debt	2,270	1,888	2,104
	\$ 218,702	\$ 204,512	\$ 230,634



Mount Royal University

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18. 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.

	2021	2020
Associations and others	\$ 30	\$ 30
Recreational clubs	29	26
Ministry funds	87	8
	<u>\$ 146</u>	<u>\$ 64</u>

19. 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 7.



Mount Royal University
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20. Government transfers

	2021	2020
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 94,664	\$ 99,395
Capital	5,000	-
Other	6,691	4,346
Total Advanced Education	<u>\$ 106,355</u>	<u>\$ 103,741</u>
Other post-secondary institutions	<u>\$ 18</u>	<u>\$ 99</u>
Other Government of Alberta departments and agencies:		
Ministry of Culture, Multiculturalism and Status of Women	54	134
Ministry of Community and Social Services	100	50
Ministry of Jobs, Economy and Innovation	590	15
Ministry of Children's Services	342	1,080
Ministry of Labour	-	110
Ministry of Health	87	53
Total other Government of Alberta departments and agencies	<u>1,173</u>	<u>1,442</u>
Total contributions received	<u>107,546</u>	<u>105,282</u>
Expended capital recognized as revenue	7,099	9,507
Less: deferred revenue	(9,681)	(3,303)
	<u>\$ 104,964</u>	<u>\$ 111,486</u>
Accounts receivable		
Advanced Education	\$ 350	\$ -
Other Government of Alberta departments and agencies	29	11
	<u>\$ 379</u>	<u>\$ 11</u>
Federal and other government grants		
Contributions received	\$ 2,511	\$ 1,450
Expended capital recognized as revenue	764	1,394
Less: deferred revenue	(1,135)	(292)
Revenue	<u>\$ 2,140</u>	<u>\$ 2,552</u>

The University has liabilities with the Department of Treasury Board and Finance as described in note 7.



Mount Royal University

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21. Salary and employee benefits

	2021			2020	
	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					
Current term commenced May 1, 2019	\$ 294	\$ 6	\$ 54	\$ 354	367
Past term ended April 30, 2019	-	-	-	-	15
Total	\$ 294	\$ 6	\$ 54	\$ 354	382
Provost and Vice-President Academic					
Current term commenced June 8, 2020	\$ 241	\$ -	\$ 30	\$ 271	18
Past term ended June 3, 2020	-	27	20	47	647
Total	\$ 241	\$ 27	\$ 50	\$ 318	665
Vice-President Finance and Administration	\$ 241	\$ -	\$ 32	\$ 273	280
Vice-President University Advancement	\$ 207	\$ 22	\$ 32	\$ 261	265
Vice-President Student Affairs and Campus Life					
Position Abolished November 25, 2019	-	-	-	-	440

(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 2021 or 2020.

(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.



Mount Royal University
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21. 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, 2020	Payments	Current service cost	Accrued obligation June 30, 2021
President and Vice-Chancellor	\$ 27	\$ -	\$ 20	\$ 47
Provost and Vice-President Academic				
Past term ended June 3, 2020	\$ 72	\$ 72	\$ -	\$ -
	<u>\$ 99</u>	<u>\$ 72</u>	<u>\$ 20</u>	<u>\$ 47</u>

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

	Accrued obligation June 30, 2020	Payments	Current service cost	Accrued obligation June 30, 2021
Provost and Vice-President Academic				
Past term ended June 3, 2020	\$ 166	\$ 166	\$ -	\$ -

22. Budget figures

Budgeted figures have been provided for comparison purposes and have been derived from the University's Comprehensive Institutional Plan as approved by the Board of Governors. Certain budget figures from the University's 2020-2021 Comprehensive Institutional Plan have been reclassified to conform with the presentation adopted in the 2021 consolidated financial statements.

23. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Governors of Mount Royal University on October 7, 2021.

24. Comparative figures

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



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