



Annual report

2014/15

MOUNT ROYAL UNIVERSITY

Charting the course



MOUNT ROYAL
UNIVERSITY
1910

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Source for all data is Mount Royal University's Office of Institutional Analysis and Planning unless otherwise stated. Data is for 2014/15 unless otherwise noted.

Vision

Mount Royal University: an exceptional undergraduate educational experience

Mission

Since 1910, Mount Royal has built a reputation on a strong, liberal education foundation with an undergraduate focus. More than a century later, we remain responsive to the needs of our community through our enduring commitment to this legacy. We are a community of engaged citizens, providing personalized, experiential and outcome-based learning in an environment of inclusion, diversity and respect. Through our focus on teaching and learning informed by scholarship, we are preparing our graduates for success in their careers and lives.

Mandate summary

Mount Royal University is a public, board-governed institution operating as a Baccalaureate and Applied Studies Institution under the authority of the *Post-Secondary Learning Act* of Alberta. Mount Royal was named a university in 2009 and is governed by the *Post-Secondary Learning Act*.

Mount Royal is a learning community that focuses on instruction informed by scholarship, offering baccalaureate and applied degrees, certificate and diploma programs and including liberal studies. It plays a pivotal role in the Campus Alberta system, as a sending and receiving institution for students transferring to and from other institutions and through collaborative degree partnerships.

Mount Royal's primary service area includes Calgary and the surrounding region, serving a wider population provincially, nationally and internationally through face-to-face, distance delivery and partnerships.

Mount Royal is committed to lifelong learning and global awareness in an interconnected world.

(The full Mandate Statement can be found on page 36.)

Charting the course

In 2014/15, Mount Royal University strategically mapped out the next decade, with a vision to provide an exceptional undergraduate educational experience.

With a revitalized vision, the University introduced a set of bold goals for the benefit of students, employees and community.

From a foundation of strength, Mount Royal has begun the exciting journey of turning goals into reality.





Message from the Board Chair

A vital role for the Board of Governors is ensuring Mount Royal University has a strategic direction and long-term plan to guide it toward its vision.

It was during the 2014/15 year that the University developed and launched a new Strategic Plan called "*Learning Together, Leading Together.*"

The process to build the Strategic Plan was robust. In addition to striking a University Strategic Plan Steering Committee, more than 40 stakeholder consultations were conducted with hundreds of faculty, staff, management, students, alumni, volunteers and board members.

An important result of this collaborative process was the bold decision to revitalize Mount Royal's vision, which is to provide an exceptional undergraduate educational experience. Use of the adjective 'exceptional,' sets the bar high on the kind of learning opportunities available to students and the learning environment that supports the Mount Royal student experience.

The 10 goals that comprise *Learning Together, Leading Together* prepare students for academic and future success, unite faculty, staff and management in creating a thriving learning environment, and engage the broader community in collaborative learning and scholarship.

In support of this strategic direction, Mount Royal continued to expand and improve teaching and learning spaces on campus, to add and enhance baccalaureate programs, to implement student-retention initiatives and to seek operational efficiencies. A key objective in 2015/16 is to establish benchmarks and begin tracking our ability to deliver on our vision to provide an exceptional undergraduate educational experience for our students.

As the name of the Strategic Plan suggests, we look forward to learning and leading together.

Original signed by

Bryan D. Pinney
Chair, Board of Governors



Message from the President

Mount Royal University has charted its course for the next 10 years in "*Learning Together, Leading Together*," our Strategic Plan to 2025. Meeting the goals of this aspirational plan will require us to stay the course we embarked upon this year.

A key goal within our Strategic Plan is our long-term strategy for growth, with a specific commitment to increase the number of students enrolled in degree programs. We experienced a 10 per cent increase in degree program enrolments in 2014/15, which was in no small part due to increasing the variety and quality of our programs.

Our programs continue to be strong, thanks to our exceptional faculty, along with our dedicated staff and management. We achieved three programmatic milestones this year. Our aviation program was accredited by one of the world's leading aviation agencies and this fall we enrolled the first cohort of degree students into the new Bachelor of Interior Design. We also introduced a collaborative Bachelor of Science in Environmental Science in partnership with Keyano College.

We are committed to economic sustainability. Costs have been reduced in line with funding, while still attempting to maintain the quality of programs and services. Faculties and departments were restructured for greater effectiveness and a retirement incentive program enabled us to achieve longer term savings. Significant savings were achieved in facility operations and maintenance.

The Riddell Library and Learning Centre is progressing very well and the Taylor Centre for the Performing Arts opened this fall. These two capital projects complete Phase I of our Campus Master Plan and Phase II planning is underway. Mount Royal is well positioned to accommodate enrolment growth in the short-term and for future campus expansion.

"*Learning Together, Leading Together*" outlines six student-focused strategies:

- » providing a personalized-learning experience
- » encouraging high-impact experiences in and out of the classroom
- » focusing on a liberal education with a broad interdisciplinary approach to critical thinking and problem solving
- » embedding high impact or capstone work-integrated learning experiences
- » encouraging student participation in research projects
- » creating empowered learners

Our dedication to achieving the goals stated in the Strategic Plan will earn Mount Royal the reputation we envision for providing our students with an exceptional undergraduate educational experience.

Original signed by

David Docherty, PhD
President, Mount Royal University



OUR STUDENTS

Sharpening our focus on degrees

For more than a century, Mount Royal University has carved out a distinct niche by focusing exclusively on the exceptional experience we provide to an undergraduate student population.

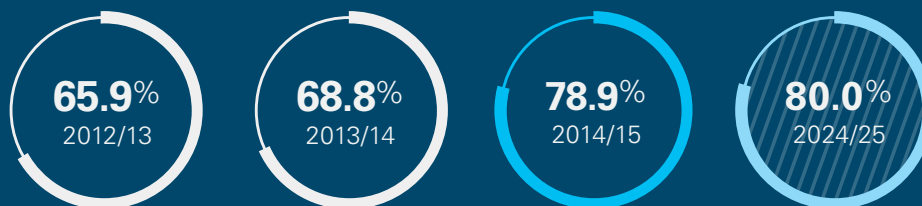
Increasing the number of students working on degrees

Every year since the institution was named a university in 2009, a greater portion of our student body has worked toward earning a bachelor's degree. This shift in programming falls in line with our 10-year Strategic Plan.

Providing alternative pathways into degrees

We remain grounded in providing four-year degrees, and we also believe in providing alternative pathways to degree programs. The University Entrance Option (UEO) program allows student to take high school-level upgrading and university-level courses at the same time. Our program mix is further complemented by a number of direct-entry, post-undergraduate certificate and diploma programs.

Percentage of full-load equivalent (FLE) students enrolled in degree programs*



* These figures outline enrolment in undergraduate programs — not all ministerial-approved programs are included. See page 8 for Mount Royal's total FLE figures.



2014/15 FLE students

As the percentage of FLE students in four-year degrees increased, there was a deliberate decrease in the percentage of FLE students in non-degree and applied programs (from 16.9 per cent in 2013/14 to 10 per cent in 2014/15) and in access programming* (from 14.3 per cent in 2013/14 to 11.1 per cent in 2014/15).

* Access programming includes Open Studies and the University Entrance Option.



OUR STUDENTS

Growing by degrees

The University offered our students greater program choices and availability.

Celebrating a number of 'firsts'

During the year, the first graduates of the Bachelor of Midwifery, the Bachelor of Education — Elementary, the Bachelor of Health and Physical Education, and the Bachelor of Science — Environmental Science crossed the convocation stage. As well, the University launched a new Bachelor of Interior Design.

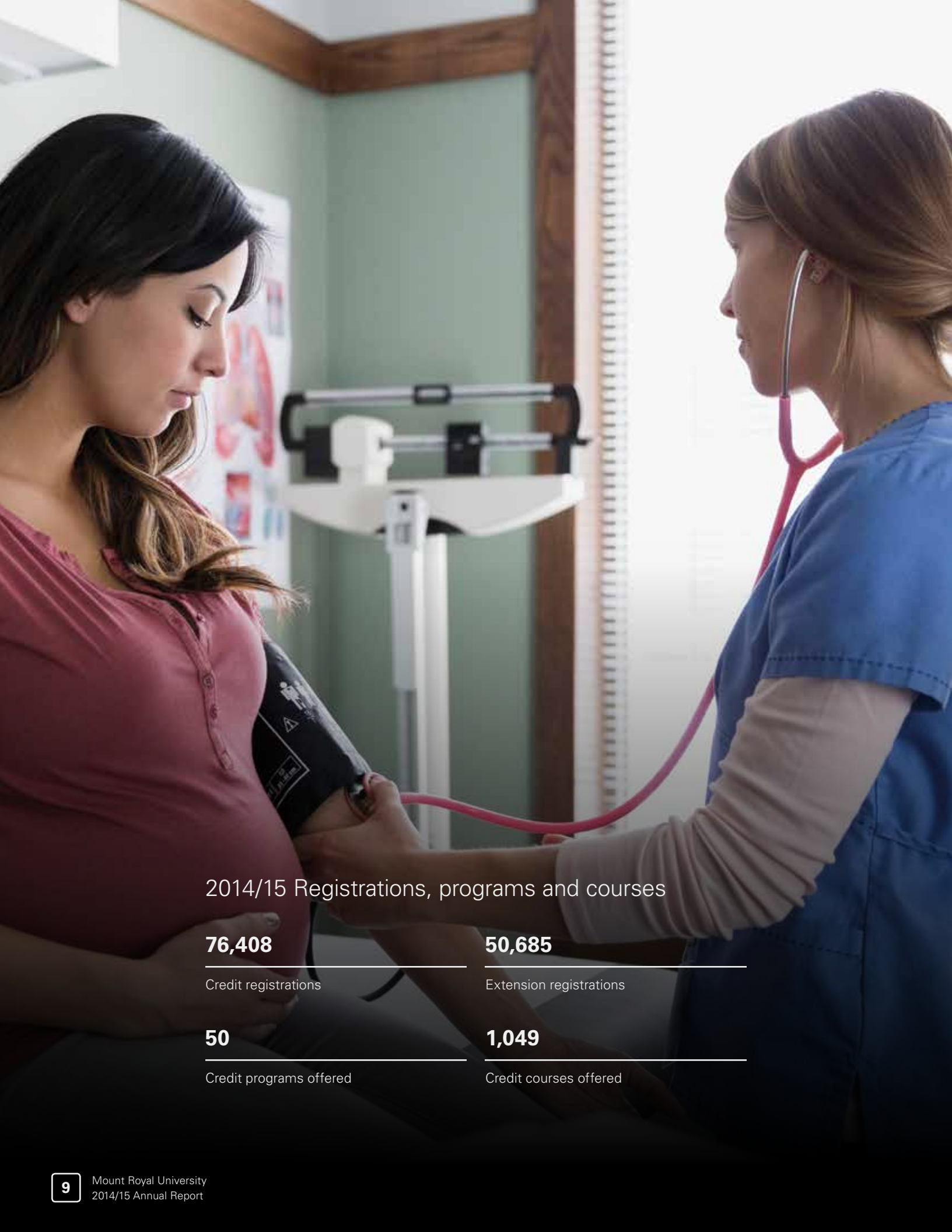
Applying for new degrees

Mount Royal submitted a suite of new degree programs to the Alberta Ministry of Advanced Education for review and approval. A total of four degree program proposals were filed.

- » Bachelor of Arts — Business Economics
- » Bachelor of Communication — Broadcast Media Studies
- » Bachelor of Science — Chemistry
- » Bachelor of Social Work

Mix of degrees and majors

	2012/13	2013/14	2014/15	2014/25
Degrees	8	9	12	15
Majors	22	24	31	60



2014/15 Registrations, programs and courses

76,408

Credit registrations

50,685

Extension registrations

50

Credit programs offered

1,049

Credit courses offered



OUR STUDENTS

Maximizing student spaces

Mount Royal remains in a strong position to address the surging demand for higher education being felt within Alberta — especially in the Calgary area.

Seeing more applicants

It's an ongoing concern that is expected to be exacerbated by the provincial economic downturn. In 2014/15, Mount Royal recorded an applicant ratio of 2.74 applicants to every 1 acceptance and an application ratio of 4.61 to 1.

Making space for more students

With new instructional spaces coming on board through the Taylor Centre for the Performing Arts and Riddell Library and Learning Centre, there's more opportunity for Mount Royal to contribute to an increase in post-secondary capacity.

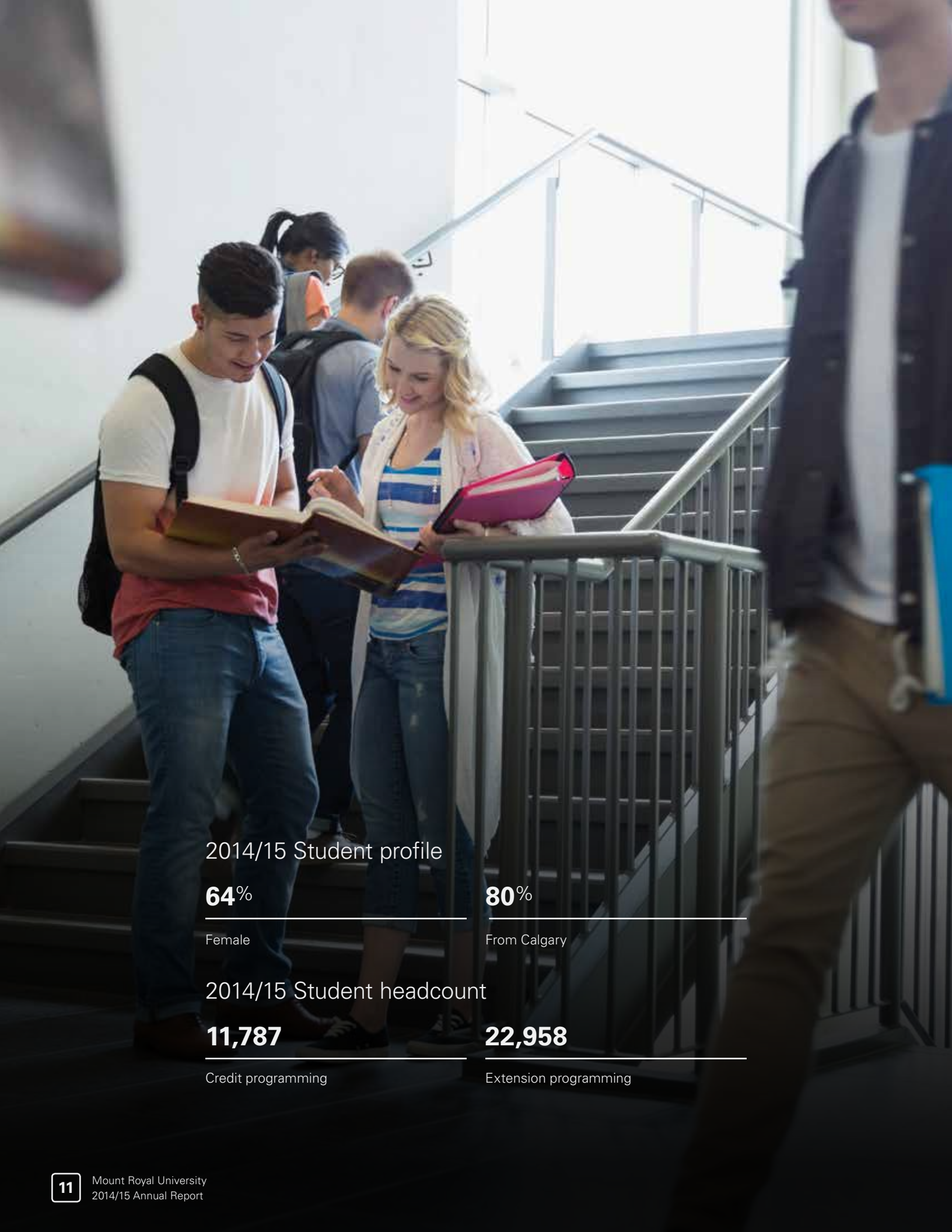
Total number of full-load equivalent students

Undergraduate programs + all ministerial-approved programs*



* This figure includes upgrading, English as a Second Language programs, learner-funded designated programs and the Transitional Vocational Program.

** The reduction in the number of FLE students from 2013/14 to 2014/15 was due to the University's enrolment plan strategically aligning with available resources and giving priority to student demand for degree programs.



2014/15 Student profile

64%

Female

80%

From Calgary

2014/15 Student headcount

11,787

Credit programming

22,958

Extension programming



OUR STUDENTS

Engaging Aboriginal learners

We believe in the right of Aboriginal peoples to have meaningful access to quality post-secondary education.

Respecting indigenous traditions

Acknowledging our campus is housed on the traditional lands of the Blackfoot people, Mount Royal University believes in the right of Aboriginal peoples to experience a learning environment that respects indigenous traditions.

Increasing representation of Aboriginal students

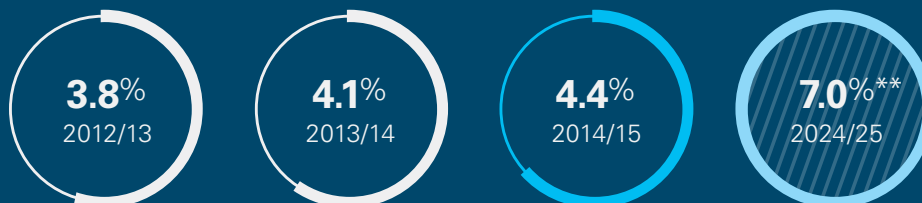
Mount Royal strengthened our community partnerships to further engage with current and potential Aboriginal students. One key measure of success is to increase representation of Aboriginal students in our student body.

Developing the Aboriginal Strategic Plan

A steering committee was formed to harness the University's collective efforts to reach our strategic goals. The committee was developing an Aboriginal Strategic Plan for the University in consultation with the campus and Aboriginal communities. An Aboriginal Advisory Council, a community-based advisory group, provided input and feedback in developing the Aboriginal Strategic Plan.

Aboriginal enrolment by academic year

(self-declared, credit/non-credit) — percentage as proportion of overall enrolment*



* These figures outline enrolment in undergraduate programs — not all ministerial-approved programs are included. See page 10 for Mount Royal's total FLE figure.

** To represent the current demographics of our province, we intend to reach our goal of 7 per cent Aboriginal enrolment by 2024/25



2014/15 Aboriginal programs

Aboriginal Education Program

133 students registered for upgrading in advance of going into degree or diploma programs

Aboriginal Housing Program

31 singles and four families were housed through this program

MEG Energy Science Camp

17 high school students participated in the summer camp

Aboriginal Science and Technology Education Program

44 students were enrolled in the Bachelor of Science or Bachelor of Computer Information Systems degrees, making them eligible for support through this program



OUR STUDENTS

Embracing the global classroom

Students and faculty members from around the world come to Mount Royal to teach and learn. We also encourage community members to study and work beyond Canada's borders.

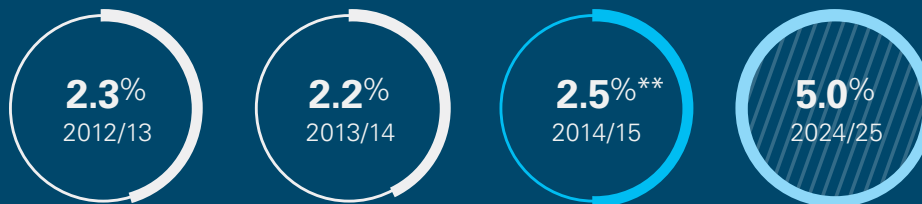
Appreciating internationalization

For more than 20 years, Mount Royal has been committed to international education, and internationalization is an important factor in the University's Strategic Plan.

Increasing representation of international students

Mount Royal continues to work on opening more doors for international students. We increased our representation of international students studying at Mount Royal to 2.5 per cent of our overall student population — which is halfway to the target identified in the University's Strategic Plan.

Percentage of visa students*



* These figures outline enrolment in undergraduate programs — not all ministerial-approved programs are included. See page 10 for Mount Royal's total FLE figure.

** This figure includes all international students enrolled in a credit course, including exchange students. A methodological change in measurement is forthcoming.



Scotland field school

In the spring of 2015, the storied St. Andrews University hosted 15 Mount Royal students for the inaugural Scotland Field School: Sustainability in a National Parks Context. The group undertook a contrast-and-comparison study of sustainability between Scotland and Canada's national parks systems.

2014/15 International highlights

University partnerships

84 partnerships in 27 countries

Exchanges and field schools

183 students and 18 faculty members participated in semester exchange and field schools with 21 partner institutions in 15 countries

Inbound international exchanges

283 inbound international student exchanges were hosted with 35 partner institutions in 18 countries



OUR STUDENTS

Ensuring a pathway to success

Along with access, student retention and success are fundamental values in Mount Royal University's enrolment plan.


Supporting students through to graduation

Keeping our current students registered in classes until graduation is another way to support enrolment growth. Of the degree students who started their degree programs in Fall 2013, 80 per cent returned to Mount Royal in Fall 2014. Our institutional first-to-second-year retention rate target was set at 75 to 85 per cent for degree students, depending on the program.

Providing services to ensure student success

Launched in 2014/15, the Office of Student Success directs institutional strategies for student retention challenges. The Office is intended to serve as a liaison between students, faculty and senior administration on all matters related to student persistence, time to completion and graduation. These services include:

- » the communication of best practices on retention philosophy
- » the development of support tools and programs to be used both within and outside the classroom
- » the establishment of collaborative, practical solutions to enhance student success



2014/15 Parchments awarded

419

Arts

134

Communication Studies

176

Science and Technology

475

Bissett School of Business

566

Health and
Community Studies

62

Teaching and Learning

1,832

Total number



OUR STUDENTS

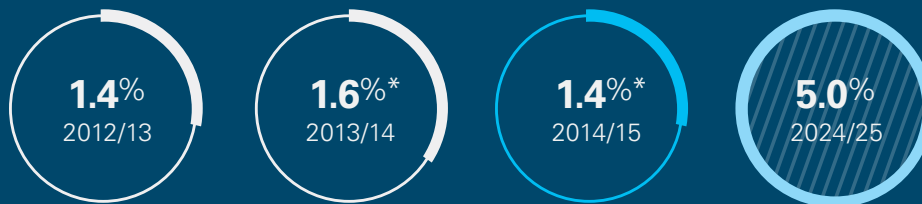
Reducing financial barriers

Affordability is a key consideration in addressing access issues in post-secondary education. Mount Royal offers a host of scholarships, bursaries and awards in order to reduce financial barriers for students.

Increasing financial support

Mount Royal plans to increase the number of bursaries, scholarships and awards available to students, as well as the value of this financial support, which is measured as a percentage of the University's operating budget. Realizing this ambitious target will help students reach their educational, personal and professional goals.

Scholarships and bursaries measured as a percentage of the University's operating budget



* Aligning with Maclean's University Ranking methodology, ancillary services and non-credit expenses are netted out of total Mount Royal operating expenses.



2014/15 Scholarships, bursaries and awards

\$3,644,000

4,572

Total funds given through University funded awards (includes donor funded awards)

Total number of awards (includes University funded and non-University funded scholarships and bursaries)



OUR STUDENTS

Boosting school spirit

With Cougar Athletics thriving at the country's top level of collegiate competition, there are several reasons for Mount Royal student-athletes, employees and fans to feel proud.

Achieving stellar results

The 2014/15 season marked the third full year that Mount Royal's sports programs competed in the Canada West University Athletic Association (CWUAA) in Canadian Interuniversity Sport (CIS). The results were stellar. For the first time, the men's hockey team won a first-round playoff series in the Canada West conference and hockey skipper Bert Gillling was named CWUAA coach of the year.

Earning academic excellence

The University's athletic success was mirrored by outstanding scholastic achievement. A total of 67 of 171 student-athletes received the esteemed Academic All-Canadian (3.5 G.P.A or greater).

Giving back to the community

Our varsity athletes also lived up to their reputation as strong community boosters. Student-athletes, coaches and staff contributed about 2,600 hours of community service.





2014/15 Crowchild Classic

Mount Royal University recorded yet another CIS hockey regular season attendance record with 8,882 hockey fans attending the 2015 Crowchild Classic doubleheader at the Saddledome. It's worth noting the Cougars won both games.



OUR STUDENTS

Surpassing national averages

Mount Royal University prides itself on being a place where students are more than just a number. And now we've got new data to prove it.

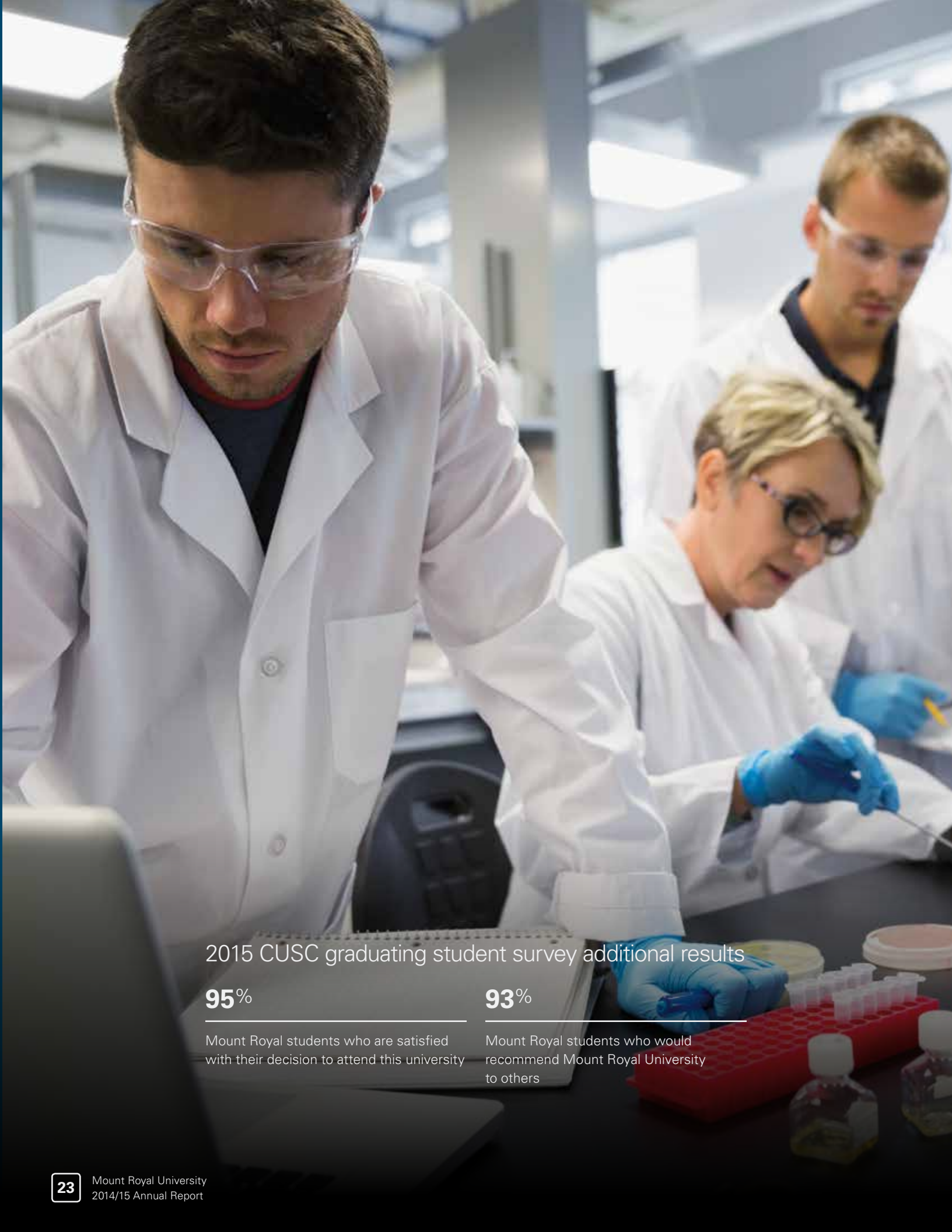
Measuring satisfaction and experience

The Canadian University Survey Consortium (CUSC) is the country's longest standing and foremost provider of undergraduate student satisfaction and experience surveys. In 2014/15, 18,144 graduating students responded to the survey from 36 participating universities, including 573 students from Mount Royal who responded to the national survey. Highlights from the 2015 graduating student survey of undergraduate students include:

94% Mount Royal students agree that their professors treat students as individuals, not just numbers. That is higher than the national average of 84 per cent

92% Mount Royal students agree they are satisfied with the quality of teaching they receive — higher than students nationally (86 per cent) and at comparable universities (90 per cent)

77% More than three-quarters of Mount Royal graduating students are employed. This is higher than students nationally (59 per cent) and at comparable universities (63 per cent)



2015 CUSC graduating student survey additional results

95%

Mount Royal students who are satisfied with their decision to attend this university

93%

Mount Royal students who would recommend Mount Royal University to others



OUR STUDENTS

Encouraging a sense of belonging

Mount Royal's commitment to providing an exceptional undergraduate experience extends beyond the classroom. We believe a university is also a place to connect, live and grow.

Enhancing the student experience

In order to support that vision, divisions within Student Affairs and Campus Life offer services that enhance the student experience. Professional staff are dedicated to supporting students' personal growth.

Scoring above the national average

We want our students to report satisfaction with the availability of quality student services at greater than the national average. When it comes to satisfaction with the use of general facilities and services, academic services and special services, Mount Royal scored above the national average in 19 of the 26 categories in the Canadian University Survey Consortium 2015 graduating student survey.

811

Accessibility Services

Total number of students registered

35

Diversity & Human Rights

Number of workshops and presentations delivered to promote a safe, respectful and inclusive workplace

26,478

Wellness Services

Number of one-on-one visits with health professionals

Source: Student Affairs and Campus Life (SACL) annual reports



2014/15 Residence

Source: SACL annual reports

95%

Percentage of students responding to our exit survey who indicated they would recommend living in residence to their friends/family



OUR STUDENTS

Listening to what they say

Gathering student feedback

Our students are our greatest ambassadors. When they talk, we listen. The Mount Royal Assessment Seminar is one of the most extensive formats we've established to gather student feedback over the past five years. Through structured, one-on-one interviews conducted by trained interviewers, the Assessment Seminar provided rich, qualitative data on the undergraduate experience.

Being a leader in personalized learning

It's important for Mount Royal students to see the University as a leader in personalized learning. We are grateful that our students continue to share their appreciation of smaller class sizes, experiential approaches and community-mindedness.

A total of 79 "middle-year" students were interviewed in the past academic year as part of the Assessment Seminar. Here's some of what they had to say:*



The sheer number of people and the connections that I made with people has been the best thing. It has met my expectations or exceeded them in the best way."

"I heard that Mount Royal was a very good school to get into, and I would say, academically, it's lived up to my expectations. The classes are small and it's really easy to talk to your professor. If you want to go have a little chat with them outside of class time, they have office hours and they get to know you by name, and I find that you probably wouldn't have that at other universities."

"The more time I spent here, the more I loved the school and the strength became more evident. The small class size, the quality of the professors and just how much the professors care about our learning made me want to stay."

"Prior to going into my degree I had experienced Mount Royal class sizes, how teachers operate, how the program operates and how the campus operates. But, I hadn't expected to take so much away from the General Education courses."

"I took a first General Education class, and that solidified my decision that I'm staying here. The worldview that I've gotten from these Gen Ed classes has been so substantially beneficial to my life, and I honestly think that they should be recommended for all entry-level university students."

* Quotes have been edited for clarity and length



OUR FACULTY, STAFF AND MANAGEMENT

Supporting teaching excellence

At Mount Royal, we recognize our faculty, staff and management are the backbone of the University. The outstanding quality and commitment of our employees is a driving force behind student success.

Fostering a thriving learning environment

As an institution, Mount Royal aims to foster a thriving learning environment through institutional supports, such as the Academic Development Centre (ADC). The on-campus Centre promotes teaching excellence and innovation by providing a range of professional development services to faculty and staff.

2,358

Academic Development Centre

Hours of professional development programming facilitated by the ADC.

4,603

The Sandbox

Points of assistance the drop-in computer lab provided to Mount Royal faculty and instructional staff who were seeking help with the use of educational technology.



Number of employees (unique headcount)*

Faculty	1,655	1,566	1,545
	2012/13	2013/14	2014/15
Staff	778	685	707
	2012/13	2013/14	2014/15
Management	93	92	99
	2012/13	2013/14	2014/15

* Some individuals may be represented in more than one category



OUR FACULTY, STAFF AND MANAGEMENT

Advancing our research culture

Mount Royal University celebrates a tradition of community-engaged scholarship, undergraduate research and teaching informed by scholarship.

Our community enjoys a shared vision for scholarly activity that benefits society, enriches the undergraduate experience and catalyzes ideas and innovation. We are fortunate to have our faculty work alongside researchers from Mount Royal's institutes and centres:

The Institute for Community Prosperity, which relaunched in April 2015 with a mission to build community, secured more than \$800,000 in new funding commitments.

The Institute for Environmental Sustainability led a national project for the Canadian Water Network that produced a comprehensive report on hydraulic fracturing.

The Institute for Innovation and Entrepreneurship awarded \$68,000 plus \$15,000 in in-kind services to 10 Mount Royal student entrepreneurs through the LaunchPad program.

The Institute for Scholarship of Teaching and Learning supported 48 scholarly presentations at events held nationwide. Seven new papers were published from Nexen- and TransCanada-sponsored projects.

The Centre for Community Disaster Research was announced in September 2014, attracting external funding for disaster projects.

The Centre for Child Well-being, through a gift of nearly \$500,000, added some of the latest video hardware and software technology to its Child Development Lab.



2014/15 Research funding

\$200,000

New tri-council research funding provided to 11 faculty members

\$600,000

New research funding from other external sources provided to 12 faculty members



OUR COMMUNITY

Attracting Calgarians to our campus

Mount Royal resides in the southwest Calgary community of Currie Barracks, which is drawing a growing number of residents and businesses.

Serving a growing community

Formerly the home of the Canadian Forces Base, the 195-acre community is being redeveloped into a contemporary urban village. The third and last stage of development will see 23 acres of mixed-use retail and multi-family residential homes built.

Providing programs and facilities

While the University provides services to all Calgarians, this exciting redevelopment expands opportunities to draw neighbours to the campus. Many visitors come to Mount Royal to take a wide variety of non-credit Continuing Education courses, use our excellent campus recreation facilities, and enjoy music and speech art classes at the Conservatory.

Number of community members taking classes

15,467

Continuing Education registrants

In 34,990 courses

4,328

Conservatory registrants

In 9,597 courses

Number of community members with memberships

23,271

Recreation memberships

Nearly 60 per cent of the total campus recreation memberships (39,746) were held by people outside of students and employees



2014/15 Owned and leased space
(Gross sq. metres)

160,098

Lincoln Park Campus

46,549

Student housing complex

1,662

Springbank aviation hangar

2014/15 Classroom and lab space
(Lincoln Park Campus)

187

Classrooms
(including lecture theatres)

367

Laboratories

5

Theatres



OUR COMMUNITY

Building for the future

The east side of Mount Royal University's campus was the hub of construction activity in 2014/15, with work winding down on one new building and beginning on another.

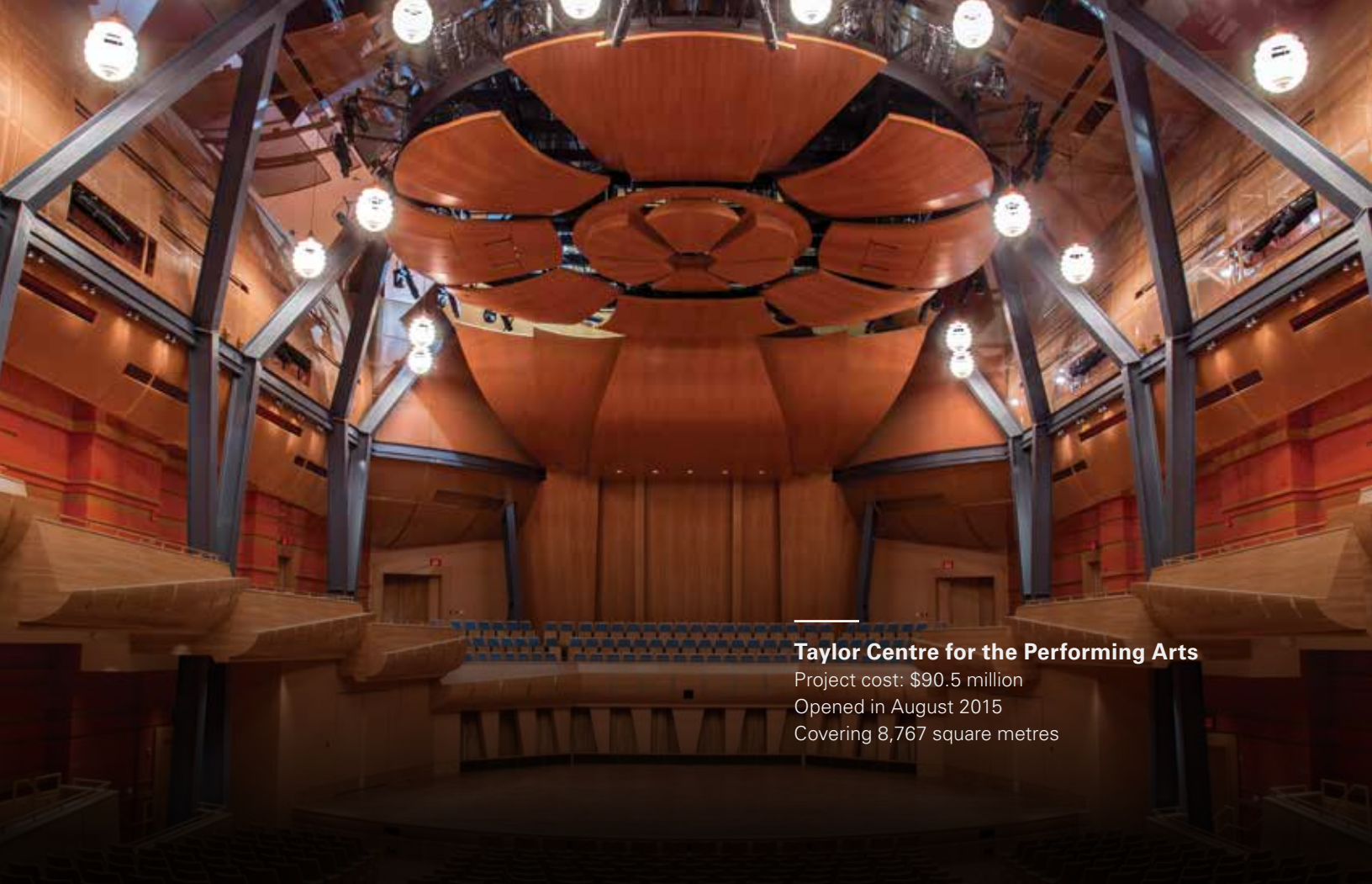
Putting on the finishing touches

In June 2015, the Conservatory moved to its new home in the Taylor Centre for the Performing Arts. The Conservatory, which taught more than 4,300 students in 2014/15, will have the capacity to serve 6,000 students annually, ramping up to 8,000 students by 2018. The Taylor Centre also includes the Bella Concert Hall, which with seating for nearly 800 and superb acoustics will draw world-renowned artists to perform in Calgary.

Building for 21st century learners

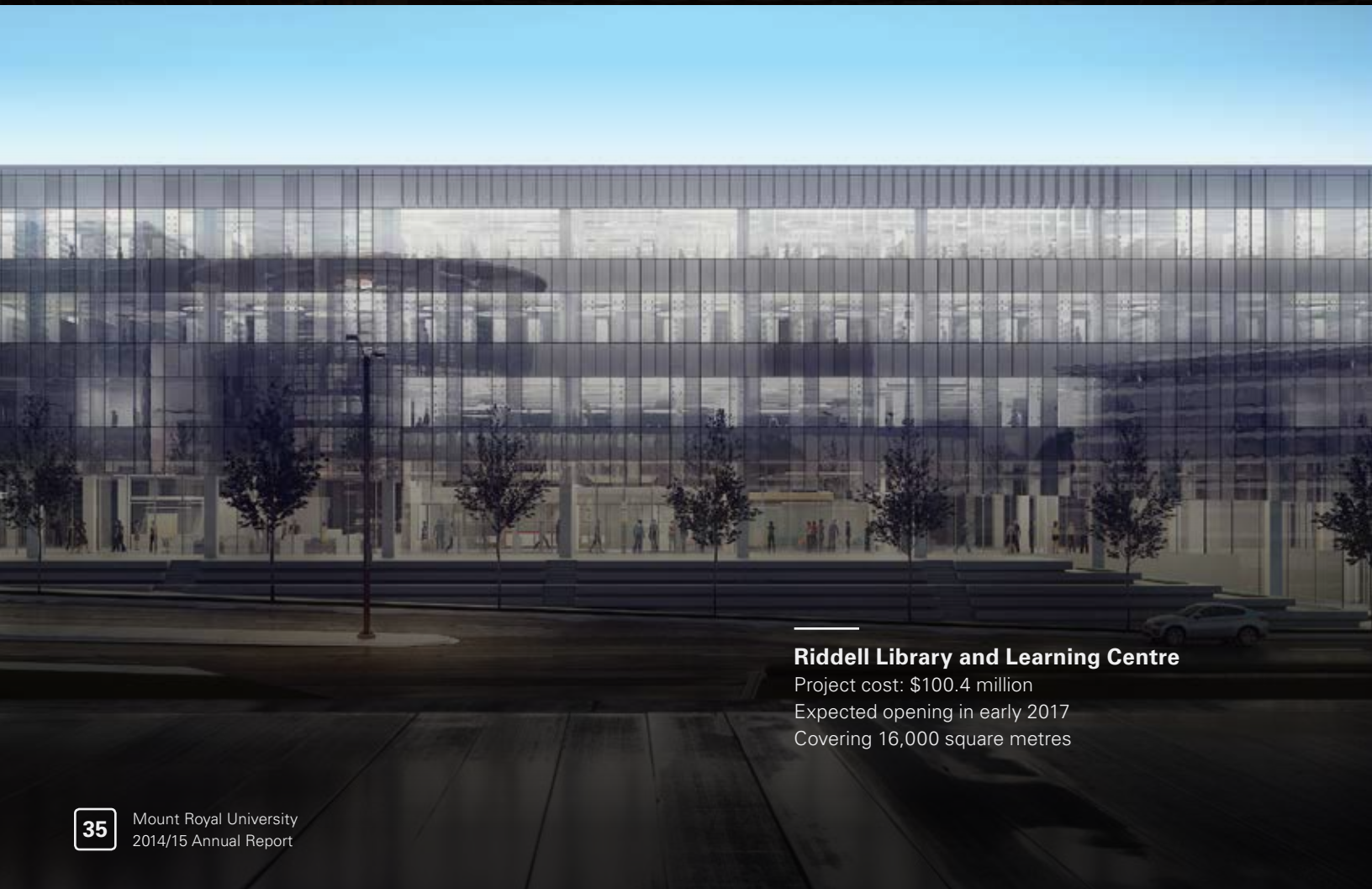
In the summer of 2014, the University held a groundbreaking ceremony for the Riddell Library and Learning Centre. The building will be four times the size of the existing library and feature a wide array of digital teaching and learning tools. With visualization rooms, an ideas lounge, a maker space, media production suites and alternative seating choices, the Centre will meet the needs of 21st century learners.

As these projects near completion, the University begins work on a new Campus Master Plan to serve a growing campus and community.



Taylor Centre for the Performing Arts

Project cost: \$90.5 million
Opened in August 2015
Covering 8,767 square metres



Riddell Library and Learning Centre

Project cost: \$100.4 million
Expected opening in early 2017
Covering 16,000 square metres



Governance

Members of the Board of Governors

(Current as of date of publication)



Bryan D. Pinney
Chair



Jim Campbell
Vice-Chair



Eleanor Chiu



David Clemis



David Docherty
President



Daryl Fridhandler



Paul Kundan



Rusty Martel



Alykhan Nanji



Jennifer Pierce



Erik Queenan



Paul Rossmann

Mandate

The Board provides oversight and guidance to the University to ensure it has the right strategies, talent and processes aligned with its vision and mission to create sustainable value to all stakeholders. The Board monitors performance to ensure the necessary steps are being taken by the University to achieve the goals outlined in its Strategic Plan.

Priorities

- » oversee the execution of the Strategic Plan;
- » ensure effective leadership begins at the top, with the best governance practices;
- » monitor the sustainability of the University; and
- » build Mount Royal University's brand and protect its reputation.

Mandate statement

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

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

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

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

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

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

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

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

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

Approved by the Board of Governors, February 1, 2010

Approved by the Minister of Advanced Education and Technology, February 24, 2010

Accountability statement

Mount Royal University's Annual Report for the year ended June 30, 2015 was prepared under the Board's direction in accordance with ministerial guidelines. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by

Bryan D. Pinney
Chair, Board of Governors

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, assets are properly accounted for and safeguarded.

The Annual Report has been approved by the Board of Governors and is prepared in accordance with Ministerial guidelines.

Original signed by

David Docherty, PhD
President
Mount Royal University

Original signed by

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

Financial

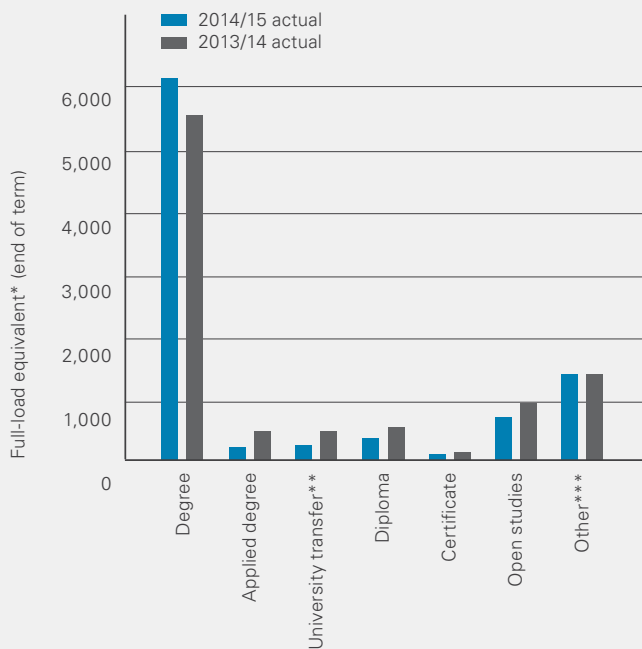
Management's discussion and analysis

Strategy

The 2014/15 year (from July 1, 2014 to June 30, 2015) at Mount Royal demonstrated early alignment with the University's new strategic direction to 2025 "*Learning Together, Leading Together.*" As the University finalized and approved the 10-year strategic direction, enrolment and program intake for the 2014/15 year was strategically focused on increasing the number of students in degree programs and overall student retention. At the same time, the University continued to seek and achieve efficiencies in the delivery of programs, as well as support and service functions in order to address resource constraints.

The enrolment plan for the 2014/15 year resulted in a year-over-year reduction of 3% in overall enrolment as the University strategically aligned to available resources and focused on giving priority to student demand for degree programs. Enrolment in degree programs at Mount Royal increased by 10% in the 2014/15 year, compared with levels in the prior year. The shift was also reflected in an overall reduction in the number of students on campus by 6.4% in the 2014/15 year, compared with the 2013/14 year, but an increase of 2.8% in the number of full-time credit students over the same period.

ENROLMENT BY PROGRAM TYPE



* Full-load equivalent means a student with a full course load, generally five 3-credit courses per semester
 ** University transfer includes students in the University Entrance Option
 *** This includes upgrading, ESL programs, learner-funded designated programs and the Transitional Vocational Program

Environment

Mount Royal continued to experience strong application pressure from students wishing to pursue baccalaureate level post-secondary education in the Calgary area. Applications to programs offered at Mount Royal during the 2014/15 year increased by 3.2%, compared with the 2013/14 year. Despite the University realigning its program offerings to best meet demand, 2,455 qualified applicants were turned away in the fall of 2014.

Ongoing financial constraint was felt as the Government of Alberta held its financial support to post-secondary institutions through the Campus Alberta Grant flat to 2013/14 funding levels during the 2014/15 year; adjusted only for a grant in lieu of tuition increase and grants for newly approved programs. As well, the softening economy and the local impact of the reduced price of oil impacted the University's ability to realize revenue generation targets in some credit-free program areas.

The labour market, particularly across the public sector in Alberta, saw increases in the range of 2% and 2.5% over the 2014/15 fiscal year. Mount Royal is sensitive to such change as labour costs represented over 71% of total operations in the 2014/15 year.

In response to the economic contraction and cost pressures, University leadership's mid-year direction for financial constraint resulted in the realization of savings due to operational efficiencies and cost reductions, while maintaining the level and availability of quality programs and services. One initiative was a retirement incentive program. Rolled out in April 2015, 12 full-time faculty members retired at the end of the 2014/15 year.

Mount Royal continued implementing its decade-long facility development plan by advancing two major capital projects over the 2014/15 year. The \$90.5 million project for development of the Taylor Centre for the Performing Arts, including the Bella Concert Hall and Conservatory of Music, was completed and opened in July 2015. The \$100.4 million Riddell Library and Learning Centre project took shape, moving toward completion in 2017. These two facilities complete expansion work as defined in the 2009 Campus Master Plan. Work on a new Campus Master Plan commenced near the close of the 2014/15 year and once complete in early 2016, will define the facility and campus developments required to facilitate the University's long-term strategic objectives.

Risks

Mount Royal's Campus Alberta Grant represented 41% of total revenue in the 2014/15 year, compared with 40% in the 2013/14 year. Credit program tuition and related fees made up another 25% of this total revenue. Of the remaining 34% balance, 27% is earned through revenue generation services and initiatives. Reliance on commercial sources of revenue becomes more unpredictable in this current economy, increasing the risk the University will have the financial resources to fund operations and deliver core programs. The prolonged impact of reduced oil prices on the regional and national economies further extends this risk.

This same economic environment normally results in increased enrolment demand at post-secondary institutions as people, otherwise engaged in the workforce, return to the classroom to add to their skills and education. Mount Royal is in a unique position to be able to respond to such increased demand, with a strategic objective to grow from 7,841 credit program full-load equivalent (FLE) students in the 2014/15 year to 13,000 credit program FLE students by 2025. Internally, this growth depends on strategies to maintain delivery of strong programs and services and to continue achieving operational efficiencies. Externally, this growth depends on the level of provincial investment in Mount Royal's program offerings through its Campus Alberta Grant. Additional grant support is crucial in enabling Mount Royal to respond to higher demand for programs.

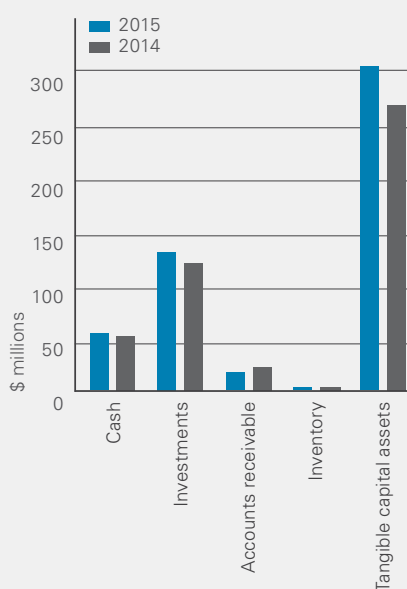
Financials

The results of operations as presented in the Audited Consolidated Financial Statements for the year ending June 30, 2015, reflect the University's capital investments, primary business drivers, economic environment and internal cost controls. The University's financial position remains strong.

Assets

Assets of \$500.8 million as at 2014/15 year end were 9.3% higher than the prior year end, reflecting stable liquidity and, most materially, a net increase of \$37.0 million (13.9%) in tangible capital assets. This addition is also reflected in the \$31.3 million (12.6%) increase in deferred revenue as at 2014/15 year end compared with the prior year end, primarily due to an increase in capital grants spent on new facilities. Of the closing investment balance as at 2014/15 year end, 44.2% represented the endowment and otherwise restricted balances, while 55.8% represented long-term working capital.

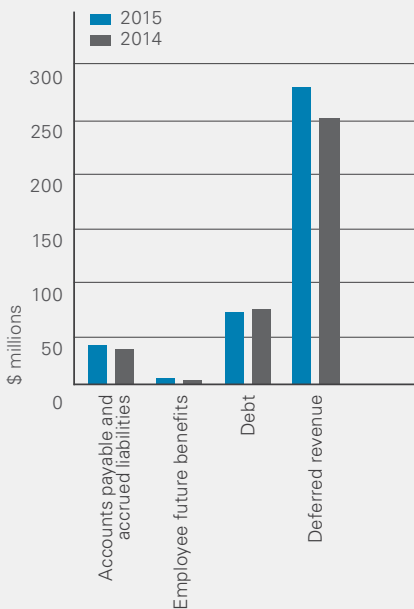
ASSETS (as at June 30, 2015)



Liabilities

Liabilities of \$386.8 million as at 2014/15 year end were consistent with the prior year end, accounting for 77% of total assets. Over the 2014/15 year, deferred revenue increased by \$31.3 million (12.6%). This was primarily related to the deferral of capital grants, which are recorded as grant revenue over the intended service life of the facility, consistent with the facility's amortization period. Also of note was the 9.2% increase in accounts payable and accrued liabilities as at 2014/15 year end, mainly due to increased construction payables, including holdbacks.

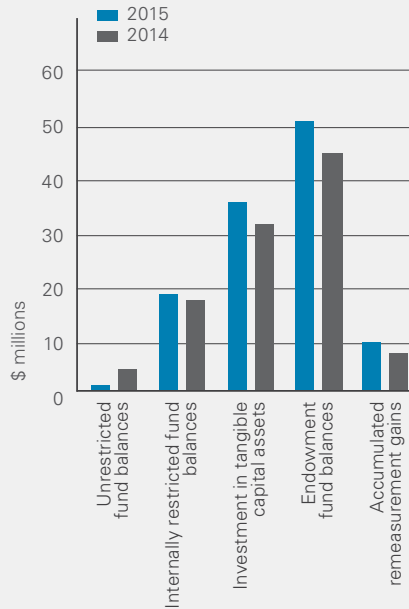
LIABILITIES (as at June 30, 2015)



Net assets

The Net Asset position (total assets less liabilities) of \$114.0 million at 2014/15 year end grew by 9.5%, compared with the 2013/14 year end. This was made up of the endowment fund balance, accumulated re-measurement gains and an accumulated surplus position, which included unrestricted net assets of \$1.1 million; internally restricted net assets of \$18.1 million; and, net internal investment in tangible capital assets of \$34.8 million.

ASSETS (as at June 30, 2015)



Revenues

Revenues of \$214.6 million in the 2014/15 year were 0.5% below budget overall and just 0.4% ahead of revenues generated in the prior year. Contributing factors included: a 6.1% reduction in conditional grants revenue recognized; tuition and fees coming in on budget; and, a 3.3% budget surplus in the generation of other revenues. While the other revenue results were below 2013/14 year levels, other revenue in the 2014/15 year came in ahead of budget despite the effect of a slower economy on programs and services and a modest reduction in the number of students and employees on campus for commercial services. The results did include isolated under budget outcomes for Continuing Education and Extension, as well as Food and Parking services.

Expenses

Expenses of \$213.2 million in the 2014/15 year were 0.7% below budget and just 1.4% ahead of expenses in the 2013/14 year. Total compensation costs of \$151.8 million, 71% of total operations in the 2014/15 year, were 1.1% over budget. This variance included the cost of the one-time faculty retirement incentive opportunity. Non-labour expenses in the 2014/15 year were 5% below budget due primarily to a \$4.0 million timing variance in completing conditionally-funded program activity and renovation projects. Functionally, these savings were largely reflected within facility operations and maintenance. In addition, utilities were \$737,000 below budget, 95% of which related to electrical savings realized in large part due to consumption reduction initiatives. In the 2014/15 year, cost of instruction was

MOUNT ROYAL UNIVERSITY FINANCIAL — MANAGEMENT'S DISCUSSION AND ANALYSIS AND STATEMENT OF MANAGEMENT RESPONSIBILITY

below budget by \$1.4 million due to faculty reassignments and adjustments to the course schedule. Sponsored research expenditures in the 2014/15 year exceeded budget by \$1.0 million, which was wholly offset by related conditional grant revenue. Ancillary services spending in the 2014/15 year exceeded the operating budget by \$1.1 million due primarily to reserve funded maintenance and renewal spending on the residences and other revenue generating facilities. In the 2014/15 year, academic and student support expense was \$1.0 million over budget, including \$669,000 in library resource acquisitions from the capital allocation and \$449,000 in reserve funded activity.

Liquidity

The University's liquidity remains positive and stable. Of the closing cash balance of \$51.9 million as at June 30, 2015, \$31.0 million was made up of unspent contributions received for capital projects, primarily the new Riddell Library and Learning Centre facility under construction. The University arranged for, but as at June 30, 2015 had not used, a \$15.0 million line of credit. The University's cash position related to operations was representative of the normal profile of cash flow at June of each calendar year. The June 30, 2015 cash position was an improvement over that projected at the third quarter, largely due to capital construction progress and invoices shifting slightly from the originally projected schedule.

Financial reporting and presentation

Mount Royal University's annual audited Consolidated Financial Statements (Financial Statements) are presented in accordance with Public Sector Accounting Board Standards (PSAS) and approved by the Board of Governors of Mount Royal University.

The Standards of the Public Sector Accounting Board continue to evolve with developments in the field of financial reporting nationally and internationally. Among the changes under consideration is the presentation of the net financial assets by government agencies such as Mount Royal University, which may have an impact on readers' decisions based upon the Financial Statement presentation.

This discussion and analysis should be read in conjunction with the Financial Statements and accompanying notes, and is provided to support the reader's understanding of the key business drivers impacting the University's fiscal year ending June 30, 2015; its operations, fiscal position and financial risks.

Statement of management responsibility

The consolidated financial statements of Mount Royal University ("the University") have been prepared by management in accordance with Canadian public sector accounting standards as described in note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the University as at June 30, 2015 and the results of its operations, remeasurement gains and losses and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal control 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 carries out its responsibility for review of the consolidated financial statements principally through its Audit and Risk Committee. The majority of the members of the Audit and Risk Committee are not employees of the University. The Audit and Risk Committee meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Audit and Risk Committee, with and without the presence of management.

These consolidated financial statements for the year ended June 30, 2015 have been reported on by the Auditor General of the Province of Alberta, the auditor appointed under the *Post-Secondary Learning Act*. The Independent Auditor's Report outlines the scope of the examination and provides an audit opinion on the fairness of presentation of the information in the consolidated financial statements.

Original signed by

David Docherty, PhD
President
Mount Royal University

Original signed by

Duane Anderson, CPA, CMA
Vice President, Administrative Services
Mount Royal University



Independent Auditor's Report

To the Board of Governors of Mount Royal University

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Mount Royal University, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of operations, remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mount Royal University as at June 30, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

October 26, 2015

Edmonton, Alberta

Consolidated statement of financial position

As at June 30, 2015 (thousands of dollars)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 51,850	\$ 49,297
Portfolio investments (Note 4)	129,607	120,342
Accounts receivable (Note 6)	14,714	20,367
Inventories and prepaid expenses	715	1,362
Tangible capital assets (Note 7)	303,925	266,897
	\$ 500,811	\$ 458,265
LIABILITIES		
Accounts payable and accrued liabilities	\$ 35,455	\$ 32,461
Employee future benefit liabilities (Note 8)	4,349	2,662
Debt (Note 9)	66,446	69,806
Deferred revenue (Note 10)	280,596	249,254
	386,846	354,183
NET ASSETS		
Endowments (Note 11)	50,447	44,399
Accumulated operating surplus (Note 12)	54,103	52,684
Accumulated remeasurement gains	9,415	6,999
	113,965	104,082
	\$ 500,811	\$ 458,265

Contingent liabilities and contractual obligations (Notes 15 and 16)

Approved by the Board of Governors (Note 23):

Original signed by

Bryan D. Pinney
Chair, Board of Governors

Original signed by

Eleanor Chiu
Chair, Audit and Risk Committee

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

Consolidated statement of operations

Year ended June 30, 2015 (thousands of dollars)

	Budget (Note 22) 2015	Actual 2015	Actual 2014
REVENUES			
Government of Alberta grants (Note 19)	\$ 102,951	\$ 100,081	\$ 99,122
Federal and other government grants	1,089	1,633	1,224
Sales of services and products	30,437	31,449	32,435
Student tuition and fees	71,684	71,377	71,615
Donations and other grants	4,135	4,940	4,577
Investment income (Note 17)	5,348	5,161	4,865
	<u>\$ 215,644</u>	<u>\$ 214,641</u>	<u>\$ 213,838</u>
EXPENSES (NOTE 18)			
Instruction	95,841	94,473	95,639
Academic and student support	39,492	40,474	39,214
Facility operations and maintenance	30,383	27,093	28,753
Institutional support	30,737	30,745	28,759
Ancillary services	16,087	17,278	16,678
Sponsored research	2,094	3,114	2,240
Special purpose and trust	–	45	48
	<u>214,634</u>	<u>213,222</u>	<u>211,331</u>
	1,010	1,419	2,507
Accumulated operating surplus at beginning of year	52,684	52,684	50,177
Accumulated operating surplus at end of year (Note 12)	<u>\$ 53,694</u>	<u>\$ 54,103</u>	<u>\$ 52,684</u>

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

Consolidated statement of cash flows

Year ended June 30, 2015 (thousands of dollars)

	2015	2014
OPERATING TRANSACTIONS		
Operating surplus	\$ 1,419	\$ 2,507
Add (deduct) non cash items:		
Amortization of tangible capital assets	12,459	13,600
Loss on disposal of tangible capital assets	57	276
Expended capital recognized as revenue	(6,776)	(7,781)
Change in employee future benefit liabilities	1,687	417
Total non-cash items	7,427	6,512
Decrease (increase) in accounts receivable	5,653	(2,567)
Decrease in inventories and prepaid expenses	647	678
Increase in accounts payable and accrued liabilities	2,994	11,370
Increase in deferred revenue	36,452	38,113
Cash provided by operating transactions	54,592	56,613
INVESTING TRANSACTIONS		
Purchases of investments, net of sales	(5,170)	(4,434)
Cash applied to investing transactions	(5,170)	(4,434)
FINANCING TRANSACTIONS		
Endowment contributions	6,023	419
Debt — retirement	(4,146)	(3,866)
Debt — new financing	786	13,296
Cash provided by financing transactions	2,663	9,849
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(49,532)	(46,336)
Cash applied to capital transactions	(49,532)	(46,336)
INCREASE IN CASH	2,553	15,692
CASH AT BEGINNING OF YEAR	49,297	33,605
CASH AT END OF YEAR	\$ 51,850	\$ 49,297

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

Consolidated statement of remeasurement gains and losses

Year ended June 30, 2015 (thousands of dollars)

	2015	2014
ACCUMULATED REMEASUREMENT GAINS (LOSSES) AT BEGINNING OF YEAR	\$ 6,999	\$ (353)
Net unrealized gains attributable to:		
Portfolio investments	3,141	7,759
Amounts reclassified to consolidated statement of operations:		
Portfolio investments	(725)	(407)
ACCUMULATED REMEASUREMENT GAINS AT END OF YEAR	\$ 9,415	\$ 6,999

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

Notes to the consolidated financial statements

Year ended June 30, 2015 (thousands of dollars)

1. AUTHORITY AND PURPOSE

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

a. General-Canadian Public Sector Accounting Standards (PSAS) and Use of Estimates

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

b. Net Debt Model Presentation

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

c. Valuation of Financial Assets and Liabilities

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

Financial Statement Component	Measurement
Cash	Cost
Portfolio investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost

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

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

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

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

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

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

d. Revenue Recognition

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

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted grants and donations and the realized and unrealized gains and losses for the associated externally restricted investment income are recognized as deferred revenue if the terms for 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, donations and externally restricted investment income 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 recorded as revenue when the University is eligible to receive the funds. Unrestricted non-government grants are recorded as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

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

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 records such in-kind contributions at nominal value.

Endowments

Donations that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received. Investment income and unrealized gains and losses attributable to restricted portfolio investments are recognized as deferred revenue.

Investment income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are from unrestricted grants and donations are recognized in the consolidated statement of accumulated remeasurement gains and losses until settlement. Once realized, these gains or losses are recognized as investment income in the consolidated statement of operations.

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

e. Inventories

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

f. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the University's rate for incremental borrowing or the interest rate implicit in the lease. Note 14 provides a schedule of repayments and amount of interest on the leases.

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

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

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

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

g. Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at average weekly exchange rates. In the period of settlement, realized gains or losses on these translations are included in investment income. Unrealized gains and losses are recognized 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 recorded for the LAPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

Long-term disability

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

Retirement incentive plan

The cost of providing non-accumulating and non-vesting employee future benefits for a faculty retirement incentive plan has been charged to expense in full when the event occurs which obligates the University to provide the benefits.

Employee leave and deferred salary plans

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

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

Supplementary retirement plans (SRP) - defined benefit

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

Supplementary retirement plans (SRP) - defined contribution

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

i. Basis of Consolidation

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

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

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

j. Expense by Function

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

Instruction

Expenses relating to the activities that are part of the University's credit programming and non-sponsored research and scholarly activity taken by faculty and within academic departments which contribute jointly to instruction and research functions. Non-credit instruction expenses related to the activities that are part of 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 the teaching, research and administrative activities within the University. These include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, major repairs and renovations, and all tangible capital asset amortization on all non-ancillary capital.

Institutional support

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

Ancillary services

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

Sponsored research

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

Special purpose and trust

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

k. Funds and Reserves

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

l. Future Accounting Changes

In March 2015, the Public Sector Accounting Board issued PS 2200 - Related party disclosures and PS 3420 - Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017. PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members. PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

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3. CHANGES IN ACCOUNTING POLICIES

In June 2010, the Public Sector Accounting Board issued PS 3260 Liability for Contaminated Sites. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, sediment of material (chemical, organic, radioactive) or live organism that exceeds an environmental standard. The adoption of this standard does not result in any adjustments to these financial statements.

4. PORTFOLIO INVESTMENTS

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

	2015			
	Market yield	Level 2	Level 3	Total
Investments at fair value				
Bonds				
Canadian bonds	6.24%	\$ 52,468	\$ -	\$ 52,468
Equities				
Canadian equities	(1.15)%	31,571	-	31,571
Foreign equities	18.99%	32,187	-	32,187
Real estate	7.50%	-	13,372	13,372
Other ^(a)		-	9	9
Total portfolio investments		\$ 116,226	\$ 13,381	\$ 129,607

	2014			
	Market yield	Level 2	Level 3	Total
Investments at fair value				
Bonds				
Canadian bonds	5.30%	\$ 47,922	\$ -	\$ 47,922
Equities				
Canadian equities	28.60%	30,653	-	30,653
Foreign equities	24.20%	29,830	-	29,830
Real estate	1.30%	-	11,929	11,929
Other ^(a)		-	8	8
Total portfolio investments		\$ 108,405	\$ 11,937	\$ 120,342

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

The fair value measurements are those derived from:

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

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

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

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

	2015	2014
Reconciliation of level 3 fair value adjustments		
Balance, beginning of year	\$ 11,937	\$ 6
Purchases	561	11,691
Unrealized gains	883	240
Balance, end of year	<u>\$ 13,381</u>	<u>\$ 11,937</u>

5. 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.

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

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
Canadian bonds	\$ 52,468	\$ (1,312)	\$ (525)	\$ 525	\$ 1,312
Canadian equities	31,571	(789)	(316)	316	789
Foreign equities	32,187	(805)	(322)	322	805
Real estate	13,372	(10)	(4)	4	10
	<u>\$ 129,598</u>	<u>\$ (2,916)</u>	<u>\$ (1,167)</u>	<u>\$ 1,167</u>	<u>\$ 2,916</u>

b. Foreign currency risk

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

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

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
US dollar investments	\$ 17,130	\$ (228)	\$ (91)	\$ 91	\$ 228
Euro	3,541	(10)	(4)	4	10
British pound	2,253	(4)	(2)	2	4
Japanese yen	2,575	(5)	(2)	2	5

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c. Credit risk

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

The credit risks on investments held are as follows:

	2015 (%)	2014 (%)
Money market funds		
R-1 (high)	100.0	100.0
Bonds		
AAA	42.0	42.2
AA	24.7	23.6
A	22.9	24.4
BBB	10.4	9.8
	100.0	100.0

d. Liquidity risk

The University maintains a short-term line of credit of \$15 million that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. There are no amounts outstanding on the line of credit at June 30, 2015 (2014 - \$0).

e. Interest rate risk

Interest rate risk is the risk to the University's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the University holds. Interest risk on the University's debt is managed through fixed-risk agreements with Alberta Capital Finance Authority (Note 9).

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

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
Cash	\$ 51,850	\$ -	\$ 5	\$ (5)	\$ 16
Bonds	52,468	10,483	4,192	(3,605)	(9,014)
Real estate	13,372	963	348	(308)	(709)

The maturity of interest bearing investments are as follows:

	< 1 year (%)	1 – 5 years (%)	> 5 years (%)	Average effective market yield (%)
Cash	100	-	-	1.12
Canadian government and corporate bonds	1	41	58	6.24

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6. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable	\$ 3,566	\$ 8,945
Receivable from the Students' Association of Mount Royal University (Note 9)	11,148	11,422
	\$ 14,714	\$ 20,367

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 facilities on campus. The University borrowed the sum of \$13 million to fund the costs of construction for the expansion, and the SAMRU is repaying the amount on the same terms and conditions as the borrowing outlined in Note 9.

7. TANGIBLE CAPITAL ASSETS

	2015					2014
	Land	Buildings and leasehold improvements	Learning resources	Furnishings, equipment and systems	Total	Total
Cost						
Beginning of year	\$ 6,815	\$ 358,532	\$ 4,965	\$ 47,768	\$ 418,080	\$ 380,815
Acquisitions	-	45,236	728	3,580	49,544	46,441
Disposals, including write-downs	-	-	(330)	(2,223)	(2,553)	(9,176)
	6,815	403,768	5,363	49,125	465,071	418,080
Accumulated Amortization						
Beginning of year	\$ -	\$ 116,401	\$ 2,104	\$ 32,678	\$ 151,183	\$ 146,483
Amortization expense	-	7,317	570	4,572	12,459	13,600
Effects of disposals, including write-downs	-	-	(330)	(2,166)	(2,496)	(8,900)
	-	123,718	2,344	35,084	161,146	151,183
Net book value at June 30, 2015	\$ 6,815	\$ 280,050	\$ 3,019	\$ 14,041	\$ 303,925	\$ 266,897

Building and leasehold improvements historic cost includes construction in progress of \$106,041 (2014 - \$60,842).

Interest: Additions to capital assets includes capitalized interest of \$379 (2014 - \$114).

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

The University holds a collection including works of art, cultural and historical properties that are not recorded in these statements as a reasonable estimate of the future benefits associated with these items cannot be made. At June 30, 2015, this collection has an estimated value of \$349 (2014 - \$322).

During the year, the University received in-kind contributions in the amount of \$12 (2014 - \$105).

8. EMPLOYEE FUTURE BENEFIT LIABILITIES

Employee future benefit liabilities are comprised of the following:

	2015	2014
Long-term disability	\$ 1,641	\$ 1,458
Retirement incentive plan	1,139	-
Employee leave including deferred salary plans	1,060	640
Supplementary retirement plans - defined benefit	290	313
Supplementary retirement plans - defined contribution (Note 21)	219	251
	\$ 4,349	\$ 2,662

(a) Long-term disability and retirement incentive plan

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. The most recent actuarial valuation for this accrued obligation was completed at June 30, 2015. The next actuarial valuation will be carried out June 30, 2016.

A retirement incentive option was offered to eligible faculty members during the fiscal year. All related liabilities have been captured in the current year.

(b) Administrative leave

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

(c) Supplementary retirement plan (SRP) - defined benefit

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

(d) Supplementary retirement plan (SRP) - defined contribution

The University provides non-contributory defined supplementary retirement benefits under a defined contribution plan to current executive members. The pension expense recorded in these consolidated financial statements is \$92 (2014 — \$91).

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

	2015				
	Long-term disability	Administrative leave	Retirement incentive	Defined benefit	Defined contribution
Expense					
Current service cost	\$ 183	\$ 120	\$ 1,139	\$ -	\$ 92
Amortization of actuarial loss	-	-	-	5	-
Interest cost	-	-	-	9	-
Total expense	\$ 183	\$ 120	\$ 1,139	\$ 14	\$ 92
Financial position					
Accrued benefit obligation:					
Balance, beginning of year	\$ 1,458	\$ 242	\$ -	\$ 313	\$ 251
Current service cost	183	120	1,139	-	92
Interest cost	-	-	-	9	-
Amortization of actuarial loss	-	-	-	5	-
Benefits paid	-	-	-	(37)	(124)
Balance, end of year	\$ 1,641	\$ 362	\$ 1,139	\$ 290	\$ 219
	2014				
	Long-term disability	Administrative leave	Retirement incentive	Defined benefit	Defined contribution
Expense					
Current service cost	\$ 244	\$ 116	\$ -	\$ -	\$ 91
Amortization of actuarial loss	-	-	-	5	-
Interest cost	-	-	-	9	-
Total expense	\$ 244	\$ 116	\$ -	\$ 14	\$ 91
Financial position					
Accrued benefit obligation:					
Balance, beginning of year	\$ 1,214	\$ 126	\$ -	\$ 335	\$ 203
Current service cost	244	116	-	-	91
Interest cost	-	-	-	9	-
Amortization of actuarial loss	-	-	-	5	-
Benefits paid	-	-	-	(36)	(43)
Balance, end of year	\$ 1,458	\$ 242	\$ -	\$ 313	\$ 251

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

	2015		2014	
	Long-term disability	Defined benefit	Long-term disability	Defined benefit
Accrued benefit obligation:				
Discount rate	2.50%	2.50%	2.50%	2.50%
Benefit cost:				
Discount rate	2.50%	2.50%	2.50%	2.50%
Alberta inflation:				
Next 3 years	2.50%	2.50%	2.50%	2.50%
Thereafter	2.25%	2.25%	2.25%	2.25%
Estimated average remaining service life	n/a	11 years	n/a	12 years

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

(e) Multi-employer pension plans

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for University members and is accounted for on a defined contribution basis. An actuarial valuation was carried out December 31, 2013, with results extrapolated for December 31, 2014, where LAPP reported an actuarial deficiency of \$2,454,636 (2013 - \$4,861,516). The pension expense recorded in these financial statements is \$12,355 (2014 - \$11,572). Other than the requirement to make additional contributions, the University does not bear any risk related to the LAPP deficit.

9. DEBT

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

	2015			2014
	Collateral ¹	Maturity	Interest rate (%)	Amortized cost
Debentures payable to Alberta Capital Finance Authority:				
Student Residence		Aug. 15, 2027	6.1250	\$ 23,027
Conservatory		March 17, 2029	3.1250	11,835
Mount Royal University Parkade		Sept. 24, 2035	4.8675	18,820
MRU Student Association's Wyckham Student Centre (Note 6)		June 15, 2037	5.0030	11,148
Obligations under capital leases (Note 14)			3.8780	1,616
Balance, end of year				<u>\$ 66,446</u>
				<u>\$ 69,806</u>

(1) Collateral consists of cash flows from facilities.

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

Year	Principal
2016	\$ 3,607
2017	3,376
2018	3,227
2019	3,199
2020	3,329
Thereafter	49,708

Interest expense on debt is \$2,459 (2014 - \$2,644) and is included in the consolidated statement of operations.

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10. DEFERRED REVENUE

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

	2015 Restricted				
	Deferred special purpose and other	Unspent capital contributions	Spent capital contributions	Tuition and other fees	Total
Balance, beginning of year	\$ 30,701	\$ 26,623	\$ 185,670	\$ 6,260	\$ 249,254
Net change for the year					
Grants, tuition, donations received during the year	8,688	39,561	34,881	6,668	89,798
Restricted investment income (Note 17)	2,040	133	-	-	2,173
Unrealized gains	1,679	-	-	-	1,679
Unearned capital acquisition transfers	(349)	(34,532)	-	-	(34,881)
Recognized as revenue	(14,366)	-	(6,776)	(6,260)	(27,402)
Transfer to endowment (Note 11)	(25)	-	-	-	(25)
Total net change for the year	(2,333)	5,162	28,105	408	31,342
Balance as at June 30, 2015	\$ 28,368	\$ 31,785	\$ 213,775	\$ 6,668	\$ 280,596

	2014 Restricted				
	Deferred special purpose and other	Unspent capital contributions	Spent capital contributions	Tuition and other fees	Total
Balance, beginning of year	\$ 32,483	\$ 25,125	\$ 154,309	\$ 5,802	\$ 217,719
Net change for the year					
Grants, tuition, donations received during the year	10,528	40,160	39,142	6,260	96,090
Restricted investment income (Note 17)	1,702	190	-	-	1,892
Unrealized gains	4,701	-	-	-	4,701
Unearned capital acquisition transfers	(290)	(38,852)	-	-	(39,142)
Recognized as revenue	(14,820)	-	(7,781)	(5,802)	(28,403)
Transfer to endowment (Note 11)	(3,603)	-	-	-	(3,603)
Total net change for the year	(1,782)	1,498	31,361	458	31,535
Balance as at June 30, 2014	\$ 30,701	\$ 26,623	\$ 185,670	\$ 6,260	\$ 249,254

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11. ENDOWMENTS

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

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

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

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

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

The composition of endowments is as follows:

	2015	2014
Balance, beginning of year	\$ 44,399	\$ 40,377
Endowment donations	6,023	419
Transfer from deferred revenue (Note 10)	25	3,603
Balance, end of year	\$ 50,447	\$ 44,399
Cumulative contributions	\$ 45,505	\$ 39,482
Cumulative capitalized income	4,942	4,917
	\$ 50,447	\$ 44,399

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12. ACCUMULATED SURPLUS

The composition of accumulated surplus is as follows:

	Accumulated surplus from operations	Internally restricted	Investment in tangible capital assets ⁽¹⁾	Total accumulated operating surplus
Balance as at July 1, 2013	\$ 1,045	\$ 17,817	\$ 31,315	\$ 50,177
Operating surplus	2,507	-	-	2,507
Internally funded acquisition of tangible capital assets	(6,773)	(540)	7,313	-
Debt - repayment	(3,606)	-	3,606	-
Debt - new financing	4,876	-	(4,876)	-
Net book value of assets disposals	87	-	(87)	-
Amortization of internally funded tangible capital assets	6,022	-	(6,022)	-
Operating expenses funded from internally restricted surplus	3,210	(3,210)	-	-
Net Board appropriation to internally restricted surplus	(2,916)	2,916	-	-
Balance as at June 30, 2014	\$ 4,452	\$ 16,983	\$ 31,249	\$ 52,684
Operating surplus	\$ 1,419	\$ -	\$ -	\$ 1,419
Internally funded acquisition of tangible capital assets	(12,286)	(2,402)	14,688	-
Debt - repayment	(3,873)	-	3,873	-
Debt - new financing	9,207	-	(9,207)	-
Net book value of assets disposals	67	-	(67)	-
Amortization of internally funded tangible capital assets	5,697	-	(5,697)	-
Operating expenses funded from internally restricted surplus	3,977	(3,977)	-	-
Net Board appropriation to internally restricted surplus	(7,532)	7,532	-	-
Balance as at June 30, 2015	\$ 1,128	\$ 18,136	\$ 34,839	\$ 54,103

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

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13. INTERNALLY RESTRICTED SURPLUS

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

Internally restricted surpluses are summarized as follows:

	2015			
	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	\$ 3,107	\$ 3,290	\$ 1,358	\$ 5,039
Parking and transportation	3,228	500	74	3,654
Residence	3,436	1,200	658	3,978
New facilities	2,100	-	2,100	-
Campus master plan	-	400	56	344
	11,871	5,390	4,246	13,015
Appropriations for operating activities				
Research and special projects	3,519	1,849	1,882	3,486
Academic program development	695	288	153	830
University effectiveness and community needs	455	-	31	424
Scholarships and bursaries	443	5	67	381
	5,112	2,142	2,133	5,121
Total	\$ 16,983	\$ 7,532	\$ 6,379	\$ 18,136
	2014			
Appropriations for capital activities				
Capital renewal	\$ 3,884	\$ 169	\$ 946	\$ 3,107
Parking and transportation	2,965	500	237	3,228
Residence	2,408	1,200	172	3,436
New facilities	2,100	-	-	2,100
	11,357	1,869	1,355	11,871
Appropriations for operating activities				
Research and special projects	4,377	1,126	1,984	3,519
Academic program development	891	(5)	191	695
University effectiveness and community needs	619	(24)	140	455
Scholarships and bursaries	523	-	80	443
Professional development	50	(50)	-	-
	6,460	1,047	2,395	5,112
Total	\$ 17,817	\$ 2,916	\$ 3,750	\$ 16,983

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14. CAPITAL LEASE OBLIGATIONS

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

Repayments are due as follows:

Year	Total
2016	\$ 907
2017	518
2018	214
2019	30

Total minimum lease payments	\$ 1,669
Less amounts representing interest at 3.878%	(53)
Present value of net minimum capital lease payments (Note 9)	\$ 1,616

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Total interest expense on leases for the year is \$108 (2014 - \$199).

15. CONTINGENT LIABILITIES

- (a) The University is a defendant in a number of legal proceedings. 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 meet the criteria for being recorded under PSAS.
- (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 asset retirement obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

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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	Long-term leases	Total
2016	\$ 48,314	\$ 15,858	\$ 907	\$ 19	\$ 65,098
2017	10,050	5,425	518	3	15,996
2018	1,300	5,500	214	-	7,014
2019	-	-	30	-	30
	<u>\$ 59,664</u>	<u>\$ 26,783</u>	<u>\$ 1,669</u>	<u>\$ 22</u>	<u>\$ 88,138</u>

- (1) The major capital project to construct a new Conservatory and Performance Hall has neared completion and is scheduled to open in the summer of 2015. The total estimated cost of \$90.5 million for this project is funded by Infrastructure Canada, Government of Canada (\$20 million), the Province of Alberta (\$20 million), The City of Calgary (\$10.3 million), private donations (\$22.5 million), borrowing of \$12.5 million through Alberta Capital Finance Authority (Note 9), University internally restricted funds (\$2.1 million), and the balance (\$3.1 million) being secured through additional fundraising. Each government funding body supports respective contribution agreements. As at June 30, 2015 spending for the project was \$85.1 million.

The University has commenced a major capital project to construct a new Library and Learning Centre scheduled to open in the spring of 2017. The total estimated cost of \$100.4 million for this project is funded by the Province of Alberta (\$88.4 million funding to be received over three fiscal years), and private donations (\$12 million). As at June 30, 2015 spending for the project was \$21 million.

- (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, 2016 are expected to be approximately \$5.1 million.

17. INVESTMENT INCOME

	2015		2014	
	Realized	Unrealized	Realized	Unrealized
Restricted funds				
Investment earnings on cash and portfolio investments held for endowments and other restricted purposes	\$ 2,173	\$ -	\$ 1,892	\$ -
Transferred to deferred revenue (Note 10)	(2,173)	1,679	(1,892)	4,701
Add deferred revenue recognized as investment income	1,760	-	1,961	-
Restricted funds recognized as investment income	<u>1,760</u>	<u>1,679</u>	<u>1,961</u>	<u>4,701</u>
Unrestricted funds				
Investment earnings on unrestricted cash and portfolio investments	3,401	3,141	2,904	7,759
Transferred to accumulated remeasurement gains and losses	-	(725)	-	(407)
Unrestricted funds recognized as investment income	<u>3,401</u>	<u>2,416</u>	<u>2,904</u>	<u>7,352</u>
Total investment income	<u>\$ 5,161</u>	<u>\$ 4,095</u>	<u>\$ 4,865</u>	<u>\$ 12,053</u>

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18. EXPENSE BY OBJECT

The following is a summary of expense by object.

	2015		2014
	Budget (Note 22)	Actual	Actual
Salaries and benefits	\$ 150,125	\$ 151,779	\$ 149,102
Materials, supplies and services	26,120	27,259	26,940
Maintenance and repairs	8,060	4,972	3,904
Utilities	6,388	5,651	5,985
Cost of goods sold	4,719	4,942	5,098
Scholarships and bursaries	3,279	3,644	3,782
Amortization of capital assets	12,842	12,516	13,876
Interest on long-term debt	3,101	2,459	2,644
	<u>\$ 214,634</u>	<u>\$ 213,222</u>	<u>\$ 211,331</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

	2015	2014
Grants from GOA		
Innovation and Advanced Education - Campus Alberta grant	\$ 86,923	\$ 84,085
Innovation and Advanced Education - other grants	27,430	18,318
Access to the Future Fund	5,370	-
Alberta Health and Wellness	140	67
Alberta Human Services	415	305
Government of Alberta - other grants	538	494
Total grants received	<u>120,816</u>	103,269
Restricted expended capital recognized as revenue	5,472	6,309
Deferred revenue	(21,207)	(10,456)
Transfer to endowment	(5,000)	-
	<u>\$ 100,081</u>	<u>\$ 99,122</u>

The net amount of grants payable is \$12 (2014 - \$39).

The University has liabilities with Treasury Board and Finance and Alberta Capital Finance Authority as described in Note 9.

20. FUNDS HELD ON BEHALF OF OTHERS

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

	2015	2014
Associations and others	\$ 9	\$ 10
Recreational clubs	6	9
	<u>\$ 15</u>	<u>\$ 19</u>

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21. SALARY AND EMPLOYEE BENEFITS

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

	2015			2014	
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ^{(3) (4)}	Total	Total
Governance:					
Chair of the Board of Governors	\$ 6	\$ -	\$ -	\$ 6	\$ 6
Members of the Board of Governors	20	-	-	20	17
Executive					
President	\$ 246	\$ 73	\$ 91	\$ 410	\$ 401
Vice-President:					
Provost & Academic	214	16	84	314	279
Administrative Services	236	14	93	343	331
University Advancement	194	41	27	262	416
Student Affairs and Campus Life	186	34	23	243	244

(1) Base salary includes pensionable base pay. All members of the Board of Governors receive an honoraria.

(2) Other cash benefits include housing allowances, car allowances, professional development, cash travel allowances and relocation benefits.

(3) Other non-cash benefits include: the employer's share of all employment benefits and contributions or payments made on behalf of employees including pension, health care, extended health care, dental care, long-term disability, and group life insurance. The other non-cash benefits also include the employer's share of the cost of additional benefits including administrative leaves or other special leaves with pay, supplementary retirement plans, and club memberships.

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

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

	Accrued obligation June 30, 2014	Payments	Current service cost	Accrued obligation June 30, 2015
President	\$ 59	\$ -	\$ 21	\$ 80
Vice-President:				
Provost & Academic	16	-	18	34
Administrative Services	54	-	21	75
University Advancement	-	-	16	16
Student Affairs and Campus Life	122	124	16	14
	\$ 251	\$ 124	\$ 92	\$ 219

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, 2014	Payments	Current service cost	Accrued obligation June 30, 2015
President	\$ 117	\$ -	\$ 41	\$ 158
Vice-President:				
Provost & Academic	36	-	37	73
Administrative Services	89	-	42	131
	\$ 242	\$ -	\$ 120	\$ 362

22. BUDGET FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the University's Comprehensive Institutional Plan as approved by the Board of Governors on May 26, 2014. Certain budget figures from the University's 2014/15 Comprehensive Institutional Plan have been reclassified to conform with the presentation adopted in the 2015 consolidated financial statements.

23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

24. COMPARATIVE FIGURES

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



Mount Royal University

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