

Positioned for Growth

16/
17 ANNUAL
REPORT



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Positioned for growth

In 2016/17, we demonstrated progress in implementing our Comprehensive Institutional Plan in a number of strategic areas by:

- continuing to grow to meet the demands of Alberta learners by increasing spaces and adding courses, and by referencing more detailed information to support students in timely degree completion
- expanding community partnerships and finishing construction of a new library
- increasing the self-identified Indigenous student population by nearly nine per cent, and developing a more comprehensive internationalization strategy that we are now beginning to implement
- retaining the confidence of students, including 98% of middle-years students who would recommend Mount Royal to others

With these and other achievements as a foundation to move forward, Mount Royal University is positioned for growth.

Vision

Mount Royal University: an exceptional undergraduate educational experience

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

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 statement

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

Mount Royal University 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

* *Indigenous*

Message from the Board chair



It is my pleasure to serve as the new chair of the Board of Governors as Mount Royal University grows. With a mandate to ensure sound strategies, leadership and processes are in place, the Board's governance supports the University in realizing its vision of providing an exceptional undergraduate educational experience. Progress is well underway.

During 2016/17, the University advanced its strategic priorities to:

- meet the demands of Alberta learners
- enable timely degree completion
- increase international enrolment
- support the indigenization strategy
- fundraise with intention

This annual report details the University's progress towards meeting these priorities.

Given frozen student tuition and fees, and with overall government funding remaining relatively flat, the University strategically added courses to increase the number of students taking a full course load within the resources available. Work over the past few years on indigenization saw tangible results, with a rise in self-declared Indigenous students and more Indigenous programs and services to support the campus community. Efforts to develop and implement an integrated international plan are underway, and fundraising is being focused on student scholarships and bursaries. The Board is confident these strategic priorities are relevant and progressing well.

Leadership of the institution continued to be strong, with a comprehensive search for a new Provost and Vice-President,

Academic resulting in Dr. Lesley Brown joining Mount Royal at the end of the reporting year. She is committed to student success achieved through personalized learning and a collaborative campus environment.

Growth of the University in line with its Strategic Plan will require processes that are integrated and efficient. Concerted efforts continued to be made to ensure institutional policies are being updated to act as a foundation. As well, the Resource Planning Task Force was formed to examine the budget framework and arrive at a sustainable and resilient financial planning model for the future. These efforts are critical to ensuring the University is financially sustainable and can implement its Strategic Plan.

With sound strategies, leadership and processes, Mount Royal is well positioned to grow in its capacity to provide the exceptional undergraduate educational experience that learners seek.

[Original signed by]

Susan Mallon
Chair, Board of Governors

Message from the president



At year end, with the addition of the Broadcast Media Studies major in the Bachelor of Communication, our University undergraduate offering reached 12 degrees and 32 majors. A decade ago, Mount Royal offered its first baccalaureate degree in nursing. To be in a position today to offer such a diverse and innovative suite of degrees, and serve a base of more than 9,500 full-load equivalent students, demonstrates impressive growth and an ability to anticipate and adapt to the needs of Alberta's learners.

Continued growth, as outlined in the University Strategic Plan, must balance the reality of fiscal constraints with a commitment to always provide an exceptional undergraduate educational experience. In 2016/17, our attention was concentrated on how to achieve both of these. Our decision-making and actions were informed by evidence and implemented with collaboration within our campus community and among our partners in education.

Our data and analysis became more robust, enabling us to add critical courses with minimal additional resources. As a result, more students were able to pursue degrees and register in required courses. We continue to examine where courses might be delivered online.

We were also able to identify the bottlenecks for student success related to retention, progression, graduation and time to completion. This enabled us to better focus on not only how, but when to assist students so they could get back on track most effectively. Increasingly, we saw the value of peer support programs and invested further in those.

While we strove to identify opportunities for improvement, the quality of personalized learning remained. Among middle-year students, 94 per cent were satisfied with the quality of teaching they received. And students continued to put their skills into action, participating in a growing number of research projects, community service learning programs, and work experience and co-operative education placements.

We heard loud and clear in surveys in 2016/17 that our campus community wanted more mental health support and felt strongly that Mount Royal must be vigilant to remain a welcoming community. The mental health of both our students and employees remains important and, knowing that a healthy community is critical to our long-term success, we continue to seek new ways to support our students and employees in their day-to-day studies and work.

Data also drove us to be more nimble in our revenue generating activities. From non-credit courses to business and retail services, our operations became more integrated and flexible to meet consumer demand. With a dampened regional economy, this will continue to be necessary; however, there is much untapped opportunity to attract community members to campus. One of those attractions is the Riddell Library and Learning Centre, which saw move-in during the late spring of 2017.

While empirical evidence may have guided us, none of these achievements would have been possible without collaboration. It is this common desire among students, employees and community to learn and grow that saw us be successful in 2016/17. Our employees continued to demonstrate their dedication and commitment. Community partners were generous with their time and talent to ensure our programs and services remained relevant for their needs. And students – the reason we exist – placed their confidence in Mount Royal to help them realize their aspirations. Collaboration like this positions us well for the future.

[Original signed by]

David Docherty, PhD
President, Mount Royal University

Accountability statement

Management's responsibility for reporting

Mount Royal University's Annual Report for the year ended June 30, 2017 was prepared under the Board's direction in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

[Original signed by]

Susan Mallon
Chair, Board of Governors
December 11, 2017

Mount Royal University's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

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

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

[Original signed by]

David Docherty, PhD
President, Mount Royal University

[Original signed by]

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

December 11, 2017

Governance

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 the 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
- Build Mount Royal University's brand and protect its reputation

Members of the Board of Governors

(Current as of Dec. 11, 2017)



Susan Mallon
Chair



David Docherty
President



Jim Campbell
Vice-Chair



Jen Magnus



David Clemis



Tracee Collins



Corinne Jamieson



Shifrah Gadamsetti



Paul Kundan



Donna Palmer



Michèle Stanners



Susan Swan



Keri Smith



Whitney Smithers

Affordability priorities

Priority initiative

1

Achieve equitable, stable and predictable government/regulated funding

Performance measures

- University-level government funding for degree programs that is equitable with other post-secondary institutions
- Reduction in gap between tuition and course-based fees and proportional cost of delivery per program
- Three-year balanced budget that does not require reserve funds for base program and service delivery
- Reduction in qualified turn-away rate

Status in 2016/17

For the 2017 budget cycle, the University provided a pre-budget submission to Alberta Advanced Education and continued to discuss at the senior ministry and ministerial levels Mount Royal's perspectives on budget development.

The provincial government has begun the process to review the overall funding model for Campus Alberta. Pending the outcome, tuition remains frozen.

The Board of Governors approved a balanced budget for the 2017/18 fiscal year, along with balanced projections for the subsequent two years. These budgets contributed to reserve funds through excess revenue over expenses for each year. Reserve funds are retained for special projects, not base programs or service delivery.

The number of qualified applicants at the institution remains high and intake has not changed substantively for the past two years. As a result, the qualified turn-away rate has increased by 2.7%*. This increase is a reflection of the strong demand for Mount Royal programming.

* Includes all programs except Academic Upgrading.

Expected outcomes

- Development of a financial plan designed to achieve our current and long-term strategic goals (July 2017)
- Active and full participation in the Adult Learner Review of post-secondary funding in Alberta (December 2017)
- Introduction of a funding model that supports Mount Royal's undergraduate mandate and teaching focus (July 2018)
- Institutional flexibility in setting tuition and course-based instructional fees aligned with the proportional cost of program delivery and competitive within Alberta (June 2018)
- Government commitment to provide funding for the Indigenous Housing Initiative (June 2017)

Actual outcome

The Resource Planning Task Force examined alternative budget models, planning methodologies and use of planning data, as well as improved communications to update financial planning. By year end, specific recommendations were made to improve the institution's financial resiliency in achieving strategic objectives given increasingly volatile economic conditions.

For the 2017 budget cycle, the University provided a pre-budget submission to Alberta Advanced Education and continued to discuss at the senior ministry and ministerial levels Mount Royal's perspectives on budget development.

The provincial government has begun a process to review the overall funding model for Campus Alberta. Pending the outcome, tuition remains frozen.

Discussions to secure subsidy and capital funding for the Indigenous Housing Initiative continued. Proposals were submitted and discussed with the provincial Ministry of Seniors and Housing and with the federal Ministry of Indigenous and Northern Affairs. Recent discussions resulted in a refocus at the federal level to the Canada Mortgage and Housing Corporation.

Diversify our revenue sources and capitalize current assets

Performance measures

- Reduction in operations and maintenance expenditures per full-load equivalent (FLE)
- Increase in revenue from sales of services and products

Status in 2016/17

Facility operations and maintenance costs were held constant per square footage through reduced utility price agreements and a 7% reduction in utility consumption. Cost reduction initiatives will continue.

Revenue from sales and services decreased by 4.6% given a sluggish regional economy and compared with increased revenue levels the year prior due to sales of services for emergency response events. Business and retail services finalized a business plan for revenue growth.

7%

reduction in utility consumption was achieved, and operations and maintenance costs were held constant per square footage

—
Source: Department of Facilities Management

Expected outcomes

- Maximization of University resources (physical, financial, people and technology) through detailed analysis of current and future capacity (July 2018)
- Finalization of a new Campus Master Plan that identifies potential commercial development opportunities for future revenue generation (July 2016)
- Implementation of a centralized conference services model (June 2018)

Actual outcome

A vision and plan for the east side of campus in 2018 was developed to support Mount Royal's Strategic Plan, align with the Campus Master Plan and engage the Mount Royal community. A desired outcome for the future is to understand what type of commercial development opportunities exist.

A centralized conference services model was implemented. Achievements included developing and deploying standard financial, client experience and administrative practices, and implementing a one-stop service model.

Fundraise with intention, actively generating donor support

Performance measures

- Increase in percentage of donor-funded bursaries, scholarships and awards to equal 2.5% of Mount Royal's annual operating budget
- Increase in endowment funds to provide sufficient operating revenue for the Institute for Scholarship of Teaching and Learning and other programs that directly support our vision

Expected outcomes

- Growth of the University's endowment fund for scholarships and bursaries (June 2019)
- Growth of the University's endowment fund for initiatives that support teaching and learning practices (June 2019)

Status in 2016/17

While the percentage of donor-funded bursaries increased, it did not keep pace with the growth of the annual operating budget; this continues to be a priority.

Actual outcome

The endowment principal for scholarships and bursaries grew from \$31.8 million in 2015/16 to \$32.5 million in 2016/17.

Institutional fundraising priorities for teaching and learning practices continued to be identified. Initial success was achieved in securing annual support for areas such as Indigenous initiatives and innovation.

Endowment principal for scholarships and bursaries:

\$32.5
million, 2016/17

\$31.8
million, 2015/16

Source: Endowment Fund Profile, Department of Financial Services

Promote environmental sustainability

Performance measures

- Reduction in electrical consumption and greenhouse gas emissions
- Increase in diverting waste from the landfill to recycling programs
- Increase in number of LEED-certified buildings on campus

Expected outcomes

- Development of a plan for the implementation of the key recommendations from the President's Task Force on Campus Sustainability (December 2017)
- Enhancement of environmental sustainability practices through an outreach approach (June 2019)
- Adoption of energy renewal initiatives, reduction of our carbon footprint, carefully considered land use, waste reduction and stewardship of our green spaces, among others (June 2019)

Status in 2016/17

Electrical consumption was reduced by 4.2% compared with the previous year. Greenhouse gas emissions declined by 903 metric tonnes of carbon dioxide year over year.

Results from the latest waste audit are not yet available; however, 35,000 kilograms (kg) of metal was recycled and nearly 20,000 kg of waste was diverted from the landfill per week.

Construction of the Riddell Library and Learning Centre neared completion. It is a LEED Gold-certified building and the fifth LEED building on campus.

Actual outcome

Significant progress was made, including preparations to launch in 2017/18 a cross-campus campaign to encourage energy conservation, recycling, reuse of materials, reduced paper use and increased diversion from the landfill. A primary food service provider on campus adopted sustainable practices in source materials.

Mount Royal put systems in place that will enable 97% of waste to be recycled or composted by expanding the rollout and signage of bins that collect and sort recyclables and organic waste. A waste audit is underway, but at last measure 35% of waste was diverted from the landfill and the goal is to double that in 2017/18. Water consumption continued to decline sharply with improved conservation methods and automated irrigation systems.

Heating and cooling infrastructure is being upgraded using premium-efficiency systems and smart technology.

Accessibility priorities

Priority
initiative

5

Grow to meet the demands of Alberta learners

Performance measures

- Increase of 1,100 FLE over three to four years
- Increase in admission quotas
- Increase in number of degree programs and major offerings
- Increase in intake of transfer students for degree completion
- Increase in number of post-baccalaureate certificates and diplomas

Status in 2016/17

FLE increased by 268, from 9,266 in 2015/16 to 9,534 in 2016/17.

Admission quotas remained stable over the past two years. FLE growth was achieved through the reallocation of seats from access programs (Open Studies) to degrees.

The Broadcast Media Studies major was added to the Bachelor of Communication in 2016/17, bringing the total to 12 degrees and 32 majors.

Upon consideration, the transfer student intake measure was changed to intake of direct-from-high-school students. The number of direct-from-high-school students entering degree programs increased by 7.4% over the previous year, from 1,949 in 2015/16 to 2,093 in 2016/17.

There was a reduction of one credential in the number of pre- and post-baccalaureate certificates and diplomas offered.

7.4%

*increase in students entering degree
programs directly from high school:*

2,093 in 2016/17

1,949 in 2015/16

Source: Office of Institutional Analysis

Expected outcomes

- Higher demand for post-secondary access in the Calgary region addressed through additional capacity and enrolment growth (June 2019)
- Expansion of programming to meet learner and market demands (June 2019)
- Implementation of a new branding concept communicating our four brand pillars to potential applicants and the wider community (June 2019)

Actual outcome

Without significant increases in funding, Mount Royal addressed excess demand for post-secondary spaces through the reallocation of seats from non-credentialled access programs to degrees (where demand is the highest).

A new campaign, "You Belong Here," was launched to drive up applicants in target areas and, more broadly, to advance the University's brand and reputation among seven key audiences.

Remove barriers to timely degree completion

Performance measures

- Increase in number of students gaining admission into their first-choice program of study
- Increase in the five-year graduation rate
- Reduction in number of courses with high DFWs (D grades, F grades, withdrawals)

Status in 2016/17

An appropriate measure was determined to be the number of students applying to Mount Royal as a first-choice institution. The Canadian University Survey Consortium (CUSC) 2016 First-Year Student Survey found 80% of first-year degree students were attending Mount Royal as a first choice.

Mount Royal's five-year graduation rate for the Fall 2011 cohort was 59.5%, compared with 56.8% for the Fall 2010 cohort. Graduation rates are typically benchmarked as a six-year rate and the Fall 2010 cohort rate was 62.8%.

Graduation rates are expected to continue to increase, given the consistent addition of baccalaureate degrees since attaining university status, along with the targeted initiatives of the Office of Student Success.

The total number of courses with high DFW rates was reduced by 2.5% compared with the previous year.

2.5%

*fewer courses with high number of
D grades, F grades and withdrawals*

Source: Office of Institutional Analysis

Expected outcomes

- Expansion of the First Year Registration Assistance Program (December 2017)
- Offering year-round course delivery (June 2019)
- Improvement in student access to specific courses and alternative delivery methods (June 2019)
- Maximization of course transferability across Mount Royal and with other institutions (June 2019)
- Introduction of course redesign projects for high DFW (D grades, F grades, withdrawals) multi-section courses (June 2017)
- More effective monitoring of currently enrolled students to determine if pace is meeting intentions for completion (June 2017)

Actual outcome

The number of students helped by peer registration assistants and the hours of service provided both increased significantly. Peer registration assistants helped more than 800 incoming students at the inaugural New Student Registration event.

Significant efforts were undertaken with faculties in the winter of 2017 to address bottlenecked courses. About 3,000 seats were added to each of the Fall and Winter terms for 2017/18. Data and consultation with deans and chairs were used to identify potential course candidates for online development and delivery.

Mount Royal continued to be a leader in the Campus Alberta system for depth and breadth of transfer agreements available through the Alberta Council for Admissions and Transfer. A review of course transferability and co-listing is done annually for collaborative degrees. Efforts to enhance credit transfer for Indigenous students who have prior course credits at Alberta tribal colleges and to improve the credit transfer/recognition process for Mount Royal students studying in international exchanges continued.

Monitoring of DFW rates continued across the University to identify potential candidates for course redesign and to consult with deans and program chairs regarding online course development.

Visualization tools were developed to help decision-makers better understand student behaviour, such as retention, progression, graduation and time to completion. Comparative analyses can now be conducted on graduation and time to completion at the program and specialization levels.

Indigenize our University

Performance measures

- Increase in number of degree program applications by Indigenous students
- Increase in Indigenous student enrolment in degree programs
- Aboriginal Family Housing Program (Indigenous Housing Initiative) is doubled to eight families and the single program moves to support 36 students
- Increase in number of degree programs that include Indigenous content and perspectives
- Evidence of feeling greater sense of belonging by Indigenous students on campus
- Increase in retention rates of Indigenous students
- Increase in number of on-campus events showcasing Indigenous culture and ways of knowing

Status in 2016/17

These measures were broadened appropriately to include Indigenous student applications and enrolment in all programs.

Applications from self-declared Indigenous students to degree and non-degree programs increased to 4.2% of total applications, compared with 3.6% the previous year.

Self-declared Indigenous students accounted for 5% of enrolment in all programs, compared with 4.7% in 2015/16.

Proposals were submitted to potential donors and provincial and federal governments for the Indigenous Housing Initiative. Funding for housing subsidies for 2017/18 was confirmed.

Elders and Indigenous community members spoke to classes in Nursing, Social Work, Communication Studies, General Education, Midwifery, the Bissett School of Business and the Faculty of Science and Technology.

Retention rates for Indigenous students continued to trend upward from 77% in 2015/16 to 83% in 2016/17, and were similar to rates for non-Indigenous students.

The variety of, number of and attendance at Indigenous awareness sessions across campus increased compared with the prior year and included the introduction of a Grand Entry during New Student Orientation.

88%

of middle-years Indigenous students in 2017 agreed they feel as if they belong at Mount Royal, up from 85% in 2014
Source: CUSC 2014 and 2017 Middle-Years Student Survey

Expected outcomes

- Implementation of an Indigenous student recruitment plan (December 2018)
- Implementation of partnerships and memoranda of understanding between Mount Royal and Indigenous groups that result in the creation of resources that contribute to curriculum development and Indigenization (June 2019)
- Expansion of the Aboriginal Housing Program (Indigenous Housing Initiative) (June 2019)
- Faculty, staff and management awareness and understanding of Indigenous cultures and issues (June 2019)
- Establishment of an academic affairs liaison group composed of faculty representatives to coordinate the indigenization of curricula and research (June 2019)
- Establishment of a Canada Council Research Chair (CCRC) in Indigenous Studies engaged in collaborative, community research and leadership at Mount Royal (June 2019)
- Implementation of a transition-year program for Indigenous students registered in the University Entrance Option, facilitated by the development of learning communities (June 2019)

Actual outcome

An Indigenous student recruitment officer was hired, and work to implement an Indigenous student recruitment plan progressed.

Progress was made to establish the Office of Academic Indigenization (OAI) (opened July 1, 2017) and it is expected a list of resources will be published before June 2019.

Discussions continued with provincial and federal governments and private donors to expand availability of spaces as part of the Indigenous Housing Initiative. A combination of subsidy renewal and capital investment is required. Proposals were made to potential private and public funding partners for consideration.

Iniskim Centre and faculty learning communities hosted ongoing professional development events aimed at increasing awareness and understanding.

The Academic Indigenization Advisory Committee was formed and meets monthly.

The first CCRC in Indigenous Studies was established and announced (filled formally on July 1, 2017).

A transition-year program will be addressed as a priority in the second year of the OAI.

Internationalize our University

Performance measures

- Increase in number of international student enrolments from 2% to 3.5%
- Increase in number of Mount Royal students participating in a study-abroad program
- Increase in number of international partnerships
- Increase in number of, and students participating in, international field schools

Status in 2016/17

Programs targeted for international growth consisted of 2.1% international students in 2016/17. While this figure is approximately the same as the previous year, the total percentage reported is lower due to a change in reporting methodology. Prior to last year, inbound exchange students, international contracts students and students in the Languages Institute were included in the reported total.

In 2017, 10% of fourth-year students said they had participated in a study-abroad experience, which increased slightly since 2013 (8%).*

In 2016/17, 56 students participated in semester-long exchanges and 20 participated in work-experience terms abroad, compared with 47 and 16, respectively, in the previous year.

Eight new international partnerships were added in 2016/17, for a total of 78 active partnerships.

One new field school was added in 2016/17, for a total of eight with 99 students participating, compared with 111 students participating in 2015/16.

Students participating in semester-long exchanges and work-experience terms abroad, respectively:

56 and **20** in 2016/17
47 and **16** in 2015/16

Expected outcomes

- Establishment of new international partnerships and renewal of existing partnerships in order to grow student opportunities to study abroad (June 2019)
- Enhancement of international student supports (June 2019)
- Establishment of international student quotas by program (January 2017)
- Expansion of international field school opportunities (June 2017)

Actual outcome

Mount Royal continued to increase the quantity and quality of strategic international partnerships to enhance opportunities for academic programming, teaching, learning, research and revenue generation.

A comprehensive plan was and continues to be implemented, targeting international students to be 5% of total credit FLE by 2024/25.

A student-led, International Student Support Centre (ISSC) was launched, offering a range of supports. It is run by two student leaders and 17 student volunteers, with assistance from the international education coordinators.

Discussions on quotas were initiated and will continue, with a decision targeted for September 2019.

A new field school in France was added. Eight field schools were offered in six countries to students in three faculties, plus the Department of General Education. Work progressed towards increasing the number and disciplinary/geographic diversity of international field schools as well as student participation.

Quality priorities

Priority initiative

9

Ensure personalized learning experiences for our students

Performance measures

- Maintain student-faculty ratio below PSI average
- Increase in the proportion of students who say they were satisfied with the personalized learning experience
- Increase in student retention rates
- Increase in proportion of students who say they were given the chance to evaluate the quality of teaching in their courses

Status in 2016/17

The intent of the first two measures was to gauge student satisfaction with personalized learning. The proportion of middle-years students who agreed in the CUSC survey that professors take a personal interest in students' academic progress rose to 85% in 2017 from 82% in 2014.

Mount Royal continued to take a multi-pronged approach to increase retention rates. The latest first- to second-year retention rate, as reported to the Consortium for Student Retention Data Exchange (CSRDE), increased from 83.6% in 2014 to 85.9% among degree students in 2015.

The proportion of middle-years students who said in the CUSC survey that they had the ability to evaluate the quality of teaching in all of their courses increased from 47% in 2014 to 70% in 2017.

Middle-years students reporting they were satisfied with the quality of teaching:

94%
in 2017

91%
in 2014

Source: CUSC 2014 and 2017 Middle-Years Student Survey

Expected outcomes

- High level of student interactions with faculty (ongoing)
- Implementation of an early alert/early warning program (June 2017)
- Introduction of transitional support programming aimed at providing year-round transitional support for first-year students (June 2017)
- Implementation of a revised student evaluation of instruction program (April 2017)
- Enhancement of program and service delivery to meet individualized student needs

Actual outcome

This outcome was related to personalized learning. See status on the previous page.

The Early Support program was designed to provide proactive and timely support to students experiencing or at risk of academic difficulty. A pilot Early Support program continued in preparation for roll-out in Fall 2017. In 2016/17, 194 Early Support referrals were received, up from 131 in 2015/16.

Work to develop transitional support programming in the first week of the term to connect students with each other and with faculty continued. A “re-orientation” pilot was launched at the start of the winter semester.

A task force on student evaluation of learning researched, designed and piloted recommendations and a new instrument for student evaluation of teaching. The goal is to implement the new instrument at the end of 2017.

A new position was developed to build capacity for the full implementation of the Early Support program and to create additional transitional supports. Work also continued to enhance and improve student leader/peer training.

Create high-impact experiences in and out of the classroom

Performance measures

- Increase in self-reported sense of belonging of students participating in targeted programs and services
- Increase in student participation in community-building programs and services
- Increase in number of domestic field school placements

Status in 2016/17

The proportion of middle-years students who said they feel they belong at Mount Royal increased from 86% in 2014 to 89% in 2017.

In 2017, 54% of first-year and 64% of fourth-year degree students said they participated in service learning in at least some of their courses. This compares with 52% and 67%, respectively, in 2013.*

More than 100 students participated in five domestic field schools in the 2016/17 academic year, which is consistent with the previous year.

Middle-years students who said they feel a sense of belonging on campus:

89%
in 2017

86%
in 2014

*CUSC 2014 and 2017
Middle-Years Student Survey*



* Source: NSSE 2013 and 2017

Expected outcomes

- Introduction of co-curricular programs and services that increase students' sense of belonging and participation (June 2017)
- Provision of outreach and community learning experiences (June 2019)
- Introduction of domestic field schools (June 2017)

Actual outcome

Day-long field excursions are offered to students in a variety of courses across faculties to facilitate learning outside of the classroom. A service-learning course was taught to fourth-year public relations, journalism and information design students in the School of Communication Studies. Students in the three disciplines worked together in small groups on behalf of a client organization to problem solve and create viable solutions for diverse client environments and cultures.

A quarter (25%) of students participated in community service learning (CSL) projects through 45 courses, amounting to more than 300,000 hours of community service with almost 500 partner organizations. This compares with 42 courses and 475 partner organizations the previous year. In Canada, Mount Royal has one of the highest levels of CSL engagement as a percentage of the student body.

Students pursuing a geology major attended three mandatory field schools – two in Alberta and one in Manitoba. Humanities students were offered two field schools in southern Alberta with Indigenous content; a third in the North was cancelled in 2016/17 due to low enrolment.

Foster a broad interdisciplinary approach to critical thinking and problem solving

Performance measures

- Increase in the percentage of students reporting growth and development of a variety of skills (CUSC, NSSE, GOA survey)
- Increase in employers' perception of the skills of Mount Royal graduates

Status in 2016/17

In 2017, 65% of middle-years students said that Mount Royal contributed to their growth and development in skills related to critical thinking and problem solving; no change since 2014.

Employer comments in 2016 included, "practical education and experience" and "real world-ready education."* Employers will be surveyed again in 2018. In addition, despite a challenging economy, the number of positions available in the student and graduate job bank was 1,477 in 2016/17, compared with 1,388 in 2015/16.

Number of positions available in the student and graduate job bank:

1,477

in 2016/17

1,388

in 2015/16

—

* 2016 Brand and Reputation Survey

Expected outcomes

- Implementation of the recommendations for General Education (GE) resulting from the 2014 Program Review
- Creation of a Centre of Liberal Education featuring scholars in residence and a high-profile speaker series (April 2017)
- Development of collaborative interdisciplinary programming (June 2019)

Actual outcome

Recommendations continued to be implemented.

The course revalidation process was piloted, with courses being re-evaluated for inclusion as GE-designated courses. Additional full-time and contract faculty were hired. Curriculum development continued and foundation-level courses, along with upper-tier courses, were successfully delivered.

Ratification of the Academic Plan provided the provision to create a Centre for Liberal Education. Discussions began with the intention to have a centre in place by fall of 2019.

GE continued to develop and deliver learning communities, grouping academic areas and methodologies into coherent, compelling curricula. Stronger relationships among diverse areas of study were forged, while remaining committed to disciplinary depth, expertise and richness of content. An inaugural Liberal Education Conference brought together experts from a range of disciplines.

Provide high-impact or capstone work-integrated learning experiences

Performance measures

- Increase in the number of students participating in internship, co-op, practica and clinical placements
- Increase in number of graduates with community service learning (CSL) designation on transcript

Status in 2016/17

In 2017, 46% of fourth-year students said they have done or are in progress of completing an internship, co-op, field experience, student teaching or clinical placement, compared with 51% of fourth-year students in 2013.*

Work experience and co-operative education placements were 487 in 2016/17, compared with 503 in 2015/16.

In 2017, 397 students graduated with the CSL designation on their transcripts, up about 25% from the prior year.

25%

increase in number of students graduating with a CSL designation



Source: The Office of the Registrar

* Source: NSSE 2013 and 2017

Expected outcomes

- Expansion of student work experience and work-integrated learning opportunities (June 2019)
- Expansion of student community engagement and community service learning (CSL) opportunities (June 2019)
- Demonstration of the impact of CSL on student learning and development (June 2019)

Actual outcome

Progress towards increasing these opportunities continued in 2016/17. A new coordinator position was created to promote and meet student demand in the Finance co-operative program, which saw co-op application rates increase by 62% over the prior year. This is a model that may be replicated elsewhere in the University.

One quarter (25%) of students participated in CSL projects through 45 courses, totalling more than 300,000 hours of community service with almost 500 partner organizations. This compares with 42 courses and 475 partner organizations the previous year. The goal is to engage every student in a CSL project while earning a degree.

300,000

*community service hours
with partner organizations
in 2016/17 and 2015/16*

500

*partner organizations
in 2016/17*

475

*partner organizations
in 2015/16*

Enrich the student academic experience through participation in research projects

Performance measures

- Increase in number of students participating in research projects
- Higher graduate school acceptance rates of our graduates
- Increase in employer recognition of research on employer satisfaction surveys

Status in 2016/17

The implementation of a new online research management platform and data on the hiring of student research assistants provided mechanisms to track the use of paid research assistants. Baseline data needs to be established to show any increase in participation.

As a baseline measure, the Six-Month Graduate Follow-up Survey identified that 7% of degree graduates were enrolled in a graduate or professional school.

No data was available to report on this measure, but it is expected an employer survey will be conducted in 2017/18.

Expected outcomes

- Expansion of undergraduate research opportunities (June 2019)
- Demonstration of a clear progression of research skills through curriculum descriptions and degree requirements for all programs (June 2019)
- Inclusion of opportunities for students in every program to participate in at least one senior-level research or capstone project (June 2019)
- Graduates have recognized experience in conducting research and have gained transferable analytical skills in the research process (June 2019)
- Employers recognize the quality of Mount Royal's undergraduate research program (June 2019)

Actual outcome

In 2017, 22% of fourth-year students said they completed or were working with a faculty member on a research project, a slight increase of 4% since 2013.* Efforts to expand opportunities, with supporting qualitative and quantitative outcome reporting, are targeted for June 2019.

The proportion of fourth-year students who say they have done or are in the process of completing a culminating senior experience (capstone course, senior project or thesis, portfolio, etc.) has increased from 39% in 2013 to 44% in 2017.*

It is expected that an employer survey will be conducted in 2017/18.

22%

of fourth-year students worked with a faculty member on a research project, up from 18% in 2013

** Source: NSSE 2013 and 2017*

Priority initiative

14

Create empowered learners

Performance measures

- Increase in participation in collaborative learning, peer-to-peer and mentorship programs as measured using CUSC and NSSE student surveys

Status in 2016/17

The NSSE student survey found that among first-year students, 8% in 2013 and 11% in 2017 participated in a learning community. Among fourth-year students, 27% in 2013 and 21% in 2017 belonged to a learning community.

A new Peer Mentorship program was launched in 2016/17, with 19 mentors recruited to support 30 fellow students. The Harry G. Schaefer Mentorship program matches students with working professionals. In 2016/17, 96 mentors helped 114 students, comparable with 2015/16. The Peer Learning program matched 170 learning peers with 1,305 students in 2016/17, compared with 153 tutors helping 957 students in the previous year.

170 *learning peers helped*

1,305 *students in 2016/17*

153 *learning peers helped*

957 *students in 2015/16*

Expected outcomes

- Implementation of more peer-to-peer programming for the promotion of student success and confidence, leadership and experiential learning (September 2016)
- Creation of an integrated student experience, encouraging students to create their own sense of community to enhance their work within academic programs (June 2019)
- Expansion of library services, programs and technologies to expand student capacity and leverage academic success (January 2017)

Actual outcome

Peer registration assistants were embedded in Academic Advising to help students implement advice and to build academic schedules. Peers were key in implementing the New Student Registration event, helping more than 800 students register for courses. Student success peers continued to support students on a drop-in and appointment basis.

Student leader training encouraged students to become engaged with the Mount Royal community. Through a new peer leader role, experienced tutors continued to build their skills within the Peer Tutoring program. The first team of eight peer leaders completed peer observations, contributed to training days and event planning, and started building a sense of community within their tutor teams.

Construction of the new Riddell Library and Learning Centre neared completion in late spring. It offers three times the previous space, new programs and expertise, enhanced teaching spaces, a single-point-of-service desk and a wide range of technology.

Promote innovation and excellence in teaching and pedagogy

Performance measures

- Five new teaching-learning enhancement/innovation projects approved through Round 2 of the provost's teaching-learning enhancement grants
- Increase in number of 3M Teaching Fellowships awarded to Mount Royal faculty
- Increase in number of course sections using blended flipped classroom instructional design
- Increase in number of programs using open education resources (OER)

Status in 2016/17

Six new projects were funded through Round 3 of the Provost's teaching-learning enhancement grants. Projects include the development of Open Educational Resources in English Literature, Mathematics for Teachers and Statistics.

In 2017, one faculty member was nominated for a 3M Teaching Fellowship.

The Academic Development Centre (ADC) supported faculty in the development of eight new blended/flipped courses.

There was no mechanism to track OER development or use across programs. See actual outcome (next page) for a discussion of progress.

Expected outcomes

- Completion of framework for institutional Teaching-Learning Strategic Plan (June 2017)
- Advancement of the scholarship of teaching and learning pillar of our research strategy (June 2019)
- Introduction of blended flipped classroom instructional design (December 2016)
- Use of OER across programs (June 2019)

Actual outcome

The Teaching-Learning Standing Committee of the General Faculties Council began work on a university-wide Teaching-Learning Strategic Plan, building on the completed framework.

Support and funding for the Institute of Scholarship of Teaching and Learning (ISOTL) was continued for a five-year term.

The introduction of blended flipped classroom instructional design was achieved and progress continues in this area.

Mount Royal hosted a province-wide OER event; facilitated a community of practice on OERs; modified TLE grant proposals to include creating OERs; and directed one of four TLE grant projects towards creation of OERs.

Foster a safe and positive work environment

Performance measures

- Increase in employee satisfaction and retention as measured through employee surveys
- Reduction in employee absenteeism/short- and long-term disability claims
- Evidence of improved employee wellness as measured through surveys on employee wellness, health, and well-being

Status in 2016/17

An employee survey is anticipated within two years.

As factors external to Mount Royal contribute to short- and long-term absences, reporting on these numbers alone is not considered entirely reflective of the performance of health and well-being programming at the University. Comparing 2016 with 2015 data, however, shows an increase in both short- and long-term leaves; the duration of general illness leaves declined slightly.

Employee retention increased by 1.97% in 2016/17.

Surveys within the next two years will provide information related to key measurements of employee wellness and health.

Expected outcomes

- Implementation of a diversity and meaningful inclusion framework and delivery of appropriate education and training programs
- Delivery of appropriate and flexible programming to support the health and wellness of employees
- Implementation of recommendations from the President's task force on student mental health (PTFSMH) and development of programming to support and educate the campus community
- Development of a campus-wide safety culture through the implementation of enhanced and updated environmental health and safety (EH&S) policies and procedures

Actual outcome

Implementation began with prioritized strategies and actions, and monitoring of progress. Key elements included attitudes, behaviours and standards of respect for individual needs, abilities and potential; inclusive curriculum and pedagogy; and recruitment, retention, development and promotion of a diverse workforce. The recruitment, retention and graduation of under-represented students was also addressed.

Continuous professional development opportunities were offered to employees. Employee well-being was a focus, and employees were provided with information and opportunities to be active and healthy in the workplace. A variety of workplace health learning sessions and programs promoted overall health and well-being.

A recommendation from the PTFSMH identified a need to provide programs and support for employees' mental health. A psychological health and safety framework and plan was developed by a cross-campus working group. In 2016 work from this recommendation transitioned to the Healthy Campus Steering Committee. Consultation with employees will take place in 2017/18.

The Institutional Risk Management Policy was updated and progress made towards draft policies for all risk management programs, including EH&S. The EH&S function was reorganized to address outstanding program needs and increase training and awareness. A lab safety specialist was hired to focus on health and safety across all campus lab activities.

Access and quality (program planning)

In response to a substantial increase in demand for baccalaureate programs by current and potential students, programs at Mount Royal evolved and expanded to meet these needs, and were rolled out on a priority basis.

Programs in implementation

1. Bachelor of Science – Major in Environmental Science

Funding: government
Implementation roll-out: 2015 (third year)

2. Bachelor of Child Studies and Post-Diploma of Child Studies

Funding: conversion of applied degrees
Implementation roll-out: 2015 (second year)

3. Bachelor of Health and Physical Education

Funding: conversion of University Transfer and applied degrees
Implementation roll-out: 2015 (second year)

4. Bachelor of Interior Design

Funding: conversion of applied degrees and government expansion funding
Implementation roll-out: 2015 (first year)

5. Bachelor of Communication – Major in Broadcast Media Studies

Funding: internal reallocation
Implementation roll-out: Fall 2016

Performance measures for new programs include:

- enrolment target of 102% is achieved
- highly qualified graduates enter the workforce or graduate school
- graduates gain professional certification in some cases (Collaborative Bachelor of Science – Major in Environmental Science with Keyano College)

Programs approved for roll-out

Collaborative Bachelor of Science – Major in Environmental Science (with Keyano College)

Funding: government

Pilot course: Winter 2016

Implementation roll-out: Fall 2017

Programs planned for roll-out

1. Bachelor of Arts – Major in Business Economics

Funding: internal reallocation

Roll-out: Fall 2019

Rationale:

- build on the strengths of existing Mount Royal programs
- prepare graduates at the degree level in the identified fields
- prepare highly qualified graduates for the workforce
- prepare students for study at the graduate level

Performance measures:

- enrolment targets are achieved
- highly qualified graduates enter the workforce or graduate school

2. Bachelor of Science – Major in Chemistry

Funding: internal reallocation

Roll-out: by Fall 2019

3. Bachelor of Business Administration – Majors in International Business and Supply Chain Management

Funding: internal reallocation

Roll-out: Fall 2018

Rationale:

- build on the strengths of the Bachelor of Business Administration programs
- prepare graduates at the degree level in the field of business administration
- prepare highly qualified graduates for the workforce
- prepare students for study at the graduate level or professional level (e.g., law, medicine, etc.)
- provide a broader range of Business Administration major options for Mount Royal students
- help meet the demand for business administration education in Alberta and Calgary
- increase the proportion of Mount Royal students in foundation business programs, in improved balance with other universities

Performance measures:

- enrolment targets are achieved
- highly qualified graduates enter the workforce, graduate school or professional school

4. Bachelor of Science – Majors in Biology, Mathematics and Computing Science

Roll-out: Fall 2019 or later

Rationale:

- build on the strengths of the Bachelor of Science programs
- prepare graduates at the degree level in the field of science
- prepare highly qualified graduates for the workforce
- prepare students for study at the graduate level or professional level (e.g., law, medicine, etc.)
- provide a broader range of science major options for Mount Royal students: they are currently limited to five science majors
- help meet the demand for science education in Alberta and Calgary
- increase the proportion of Mount Royal students in foundation science programs, in improved balance with other universities

Performance measures:

- enrolment targets are achieved
- highly qualified graduates enter the workforce, graduate or professional school
- graduates gain professional certification (where applicable)

5. Bachelor of Social Work (under reconsideration)

Funding: internal reallocation

Roll-out: Fall 2019 or later

Rationale:

- build on the strengths of existing Mount Royal programs
- prepare graduates at the degree level in the identified field
- prepare highly qualified graduates for the workforce
- prepare students for study at the graduate level

Performance measures:

- enrolment targets are achieved
- highly qualified graduates enter the workforce or graduate school

6. Bachelor of Arts – Major in Philosophy

Funding: internal reallocation

Roll-out: Fall 2019 or later

7. Bachelor of Arts – Majors in Indigenous Studies, Environmental Humanities, Religious Studies, and Women and Gender Studies

Roll-out Fall 2019 or later

Rationale:

- build on the strengths of the Bachelor of Arts programs
- prepare graduates at the degree level in the field of Arts
- prepare highly qualified graduates for the workforce
- prepare students for study at the graduate level or professional level (e.g., law, medicine, etc.)
- provide a broader range of Arts major options for Mount Royal students: they are currently limited to seven Arts majors
- help meet the demand for arts education in Alberta and Calgary
- increase the proportion of Mount Royal students in foundation arts programs, in improved balance with other universities

Performance measures:

- enrolment targets are achieved
- highly qualified graduates enter the workforce, graduate school or professional school
- graduates gain professional certification (where applicable)

Enrolment plan

(numbers are rounded to the nearest whole number)

	2016/17 Projection	2016/17 Actual	Variance FLE
Institution Total	9,342	9,534	192
Degree	6,848	7,016	168
Bachelor of Arts	1,408	1,430	22
Bachelor of Arts in Criminal Justice	311	364	53
Bachelor of Business Administration	1,675	1,714	39
Bachelor of Child Studies	264	219	-45
Bachelor of Communication - Broadcast Media Studies	32	38	6
Bachelor of Communication - Information Design	115	123	8
Bachelor of Communication - Journalism	164	176	12
Bachelor of Communication - Public Relations	191	198	7
Bachelor of Computer Information Systems	190	205	15
Bachelor of Education	353	303	-50
Bachelor of Health and Physical Education	475	505	30
Bachelor of Interior Design	70	73	3
Bachelor of Midwifery	35	39	4
Bachelor of Nursing	714	753	39
Bachelor of Science	851	875	24
Applied Degree	64	68	4
Bachelor of Applied Business and Entrepreneurship	6	7	1
Bachelor of Applied Ecotourism and Outdoor Leadership	3	2	-1
Bachelor of Applied Interior Design	55	59	4
University Transfer	298	267	-31
Bachelor of Computer Science	73	65	-8
University Entrance	225	202	-23
Open Studies *	466	556	90

	2016/17 Projection	2016/17 Actual	Variance FLE
Diploma	220	274	54
Aviation	42	55	13
Broadcasting	28	34	6
Business Administration	0	1	1
Child and Youth Care Counsellor	0	1	1
Computer Information Systems	0	0	0
Early Learning and Child Care	0	1	1
Social Work	150	184	34
Certificate	121	126	5
Advanced Studies in Critical Care Nursing	38	37	-1
Athletic Therapy	0	9	9
Bridge to Canadian Nursing (BCN) Program	57	59	2
Business Administration	20	21	1
Environmental Technology	5	0	-5
Journalism	1	0	-1
Learner Funded Designated Programs	223	271	48
Embalmer Certificate **	4	6	2
Funeral Director Certificate **	13	23	9
Funeral Service Diploma	39	71	32
Massage Therapy Diploma	99	109	10
Massage Therapy Certificate	3	3	0
Personal Fitness Trainer Diploma	65	59	-6
Personal Fitness Trainer Certificate	0	0	0
Other	1,102	956	-146
Academic Upgrading	715	609	-106
English as a Second Language	353	316	-37
Transitional Vocational	34	31	-3

* Includes FLE from Aboriginal Education Program and Unclassified Studies

** Embalmer and Funeral Director Certificates were projected as one program for 2016/17

Research, applied research and scholarly activities

Responsible conduct of research

Mount Royal continued to update policies, create standard operating procedures, develop research guidebooks and implement transparent processes for researchers to conduct research that meets efficient, ethical and appropriate conditions expected in today's research environment. In 2016/17 Mount Royal focused on updates to the Integrity in Research and Scholarship Policy and the Institutes Policy. Both will go through the Mount Royal policy consultation process in the 2017/18 academic year. A fully operational Animal Care Committee was formed and is seeking certification from the Canadian Council on Animal Care in the 2017/18 academic year. The University has recently come into compliance with new federal legislation on research biosafety and will continue to refine its review process for researchers. The goal for the current three-year planning horizon is to have all elements of research compliance review fully functional and up to date by the end of the 2019 academic year.

Financial and project management

Mount Royal is currently reviewing all institutional policies related to research and scholarship. This includes identifying both policy gaps and new policy needs. The goal is to have all of these policies up to date by the end of the 2017/18 academic year.

A new research management and tracking system was implemented using the ROMEO online system. This system provides a fully integrated platform to track and manage research projects from 'cradle to grave.' ROMEO was launched in the fall of 2016 and full 'build out' is anticipated by the end of 2018. A research finance system (FAST Research) was selected that meets the needs of research fund management and articulates effectively with the institutional finance platform. This new system will be launched and integrated with ROMEO in 2017/18. A new pre-travel authorization and expense claim management system was implemented through Chrome River.

1. Capacity building

Mount Royal University is committed to providing ongoing support for the development of world-class researchers in an undergraduate-focused context, through:

- Enhancement of professional development opportunities (workshops, lectures, etc.).
- Research development officer positions – three faculty members who are research leaders are provided with course release to provide peer mentoring to colleagues seeking assistance with project development, grant acquisition, project management and research dissemination. This is a highly successful pilot project that will be fully evaluated at the end of the current three-year planning horizon.
- Hiring external consultants with expertise in tri-agency grant programs to work directly with faculty members on applications.

- Increasing research capacity through successful applications to federal and provincial research infrastructure funding sources.
- Mount Royal was successful in securing its first Canada Research Chair in the area of Indigenous Studies (Environment, Sustainability and Culture). The hope is to receive another allocation in the next academic year.

2. Support for undergraduate research

A priority for the next three years is to establish a dedicated fund to help support undergraduate research. This fund will be administered by the Office of Research, Scholarship and Community Engagement (ORSCE) and will support independent research and conference travel. Additional support will be made available through the existing Internal Research Grant Fund in the ORSCE and a variety of innovation funds within faculties.

Thematic research areas

1. Indigenization

Mount Royal University is implementing its Indigenous Strategic Plan, which includes a goal for culturally respectful Indigenous research to foster respect for Indigenous ways of knowing and knowledge-production, and increase capacity for Indigenous scholarship. The Indigenous Strategic Plan includes the following elements related to research and scholarship:

- Building research protocols and partnerships
- Supporting research capacity
- Building a culture of respectful research

2. Scholarship of teaching and learning

Mount Royal University has long been dedicated to research that contributes to the theory and practice of post-secondary instruction, particularly through the scholarship of teaching and learning (SoTL). SoTL generally involves rigorous, systematic and evidence-based study of student learning in one's own course, with the understanding and improvement of student learning and/or teaching practice as its ultimate goal.

Leadership and support for this area is provided by the Institute for the Scholarship of Teaching and Learning (ISOTL) and Mount Royal's Academic Development

Centre. Thanks to generous donations to the Nexen Scholars Program and the TransCanada Collaborative SoTL Research Program, Mount Royal is supporting multidisciplinary collaborations, contributing to knowledge about teaching and learning through research, and integrating knowledge across disciplines and communities of practice. There is broad engagement with individual faculty members from across the University through the Nexen Scholars Program to support program-, discipline- and interdisciplinary-level projects through our TransCanada Collaborative Research Program. The scholarship of teaching and learning will be a focal area over the next three years.

3. Leadership through research institutes

Mount Royal University's research and scholarship strengths are well represented by its research institutes and centres. These entities are highly integrated into teaching and research at the institution and act as catalysts and facilitators, bringing students and faculty together in scholarly pursuits. These include:

- **Institute for the Scholarship of Teaching and Learning:** Over the next three years, the ISOTL will focus on ensuring financial sustainability to continue to provide core support for research on campus. Research and scholarship conducted through ISOTL advances the broader field of post-secondary learning and contributes directly to the continuous improvement of undergraduate instruction at Mount Royal.

- **Institute for Environmental Sustainability (IES):**

The aim of the IES is to act as a facilitator and catalyst for interdisciplinary sustainability research. The IES is committed to engaging students and researchers across all academic disciplines at Mount Royal, and fostering partnerships with industry, government and non-government agencies. Current and planned research contributes directly to the Alberta Research and Innovation Plan (ARIP) goal for environmental stewardship and effective resource management, especially through work related to the energy industry in Alberta.

- **Institute for Innovation and Entrepreneurship:**

This Institute is a place for students to discover their entrepreneurial potential – the vision is to graduate the most entrepreneurial minds in Canada. The scholarship of the Institute is highly engaged with the Calgary community and beyond, thereby contributing to economic diversification and job creation identified in ARIP.

- The **Institute for Community Prosperity** connects learning, research and change leadership to build community and strengthen the common good. The Institute aligns strongly with the ARIP outcome of engaged individuals and communities for a healthy Alberta, but it also contributes to economic diversification and job creation. The Institute will continue to develop leadership on campus and beyond in the areas of social innovation, community change and the non-profit and social economy.

Community

- **Centre for Child Well-Being:** The Centre includes a diverse group of researchers studying a broad spectrum of physiological, psychological, socio-cultural, economic-political, spiritual, environmental and developmental factors that affect child well-being. The Centre's activities align with creating engaged individuals and communities for a healthy Alberta as discussed in the ARIP. The Centre maintains a state-of-the-art research laboratory for child study.
- **Centre for Community Disaster Research:** This is a trans-disciplinary centre for research, education and outreach related to natural, social, technological and economic disasters. Research at the Centre contributes primarily to ARIP's goals for engaged individuals and communities for a healthy Alberta and environmental stewardship.

In the next three years, Mount Royal expects that a modest number of new institutes or centres will be added to expand research capacity and complete the coverage of priority research areas. The most advanced proposal at this time is the Research Collaboratory for Healthier Generations (RCHG) – a joint venture between Mount Royal and Vivo for Healthier Generations. It will serve as a research hub where researchers, faculty, staff, practitioners and students come together and engage in community-driven action research projects. An Institute for Policy Studies is in an earlier stage of development and, if deemed viable, will be established before the end of 2018.

Regional access to learning opportunities

In its mandate, Mount Royal is identified as both a sending and receiving institution for transfer students, and thereby plays a pivotal role in Campus Alberta. As of January 2016, the University has approximately 830 unique courses identified as transferable within Alberta, as catalogued by the Alberta Council on Admission and Transfer (ACAT).

Collaborative degrees

Mount Royal is currently engaged in four collaborative degree programs with Alberta community colleges, as follows:

1. Medicine Hat College (MHC) - Bachelor of Business Administration
2. Medicine Hat College - Bachelor of Education
3. Red Deer College (RDC) - Bachelor of Business Administration
4. Keyano College (KC) - Bachelor of Science - Environmental Science

In general terms, students who complete specified two-year diplomas or university transfer credits are eligible to enter year three of the Mount Royal degree. Years three and four of the Mount Royal curriculum are offered onsite at MHC, RDC and KC, enabling students in those locations to complete a baccalaureate program without relocating to Calgary. Upon completion of 60 credits of coursework in years three and four, students receive the Mount Royal parchment (BBA, BEd

or BSc). Detailed agreements addressing matters such as admissions, curriculum approval, faculty hiring and reporting have been developed for each collaboration to ensure the integrity and quality of the program.

Dual credit

Mount Royal is currently engaged in three dual credit initiatives with area high schools:

- Springbank High School – The focus of this dual credit project is Environmental Sustainability. Two courses from Mount Royal's BSc in Environmental Science are offered by Mount Royal to students onsite at Springbank High.
- Bishop Carroll High School – The focus of this dual credit initiative is first-year English composition. Mount Royal's English 1101 (Critical Reading and Writing) is delivered to students onsite at Bishop Carroll by a Mount Royal professor.
- Westmount Charter School – The focus of this dual credit initiative is first-year Biology and Chemistry. Classes are being delivered to students onsite at Mount Royal; the students have been integrated into lectures and labs with other Mount Royal students.

Initiatives for Indigenous learners

Recognizing that Mount Royal University sits on the hereditary lands of the Niisitapi (Blackfoot), Iyarhe Nakoda, Tsuut'ina, and Métis Nations, Mount Royal commits to meeting the educational needs of all Indigenous and non-Indigenous students who

come to learn here. As one of its beneficiaries, Mount Royal will uphold the promises made in Treaty 7 and work to close the current educational gap between Indigenous and non-Indigenous learners in Canada. Mount Royal also commits to answering the Truth and Reconciliation Commission's Calls to Action as they relate to post-secondary education by developing culturally appropriate curricula and building student capacity for intercultural understanding, empathy and mutual respect:

- Increase Indigenous content in all programs and integrate, where possible, Indigenous knowledge and practice into existing courses.
- Expand Indigenous course offerings both on- and off-campus through travel courses and exchange opportunities, through building a major in Indigenous Studies as well as interdisciplinary minors with other disciplines while also establishing dual credit, transition-year and first-year programs for Indigenous students.

Mount Royal University is implementing an Indigenous Strategic Plan, showing leadership in Alberta's post-secondary sector. As noted in the plan, bridge-building with Indigenous education stakeholders forges mutually supportive and productive partnerships with all communities.

Specific strategies identified in the plan include:

Recruitment and retention

- A. Develop an Indigenous student recruitment plan and culturally appropriate, relevant and meaningful resources.
- B. Develop an Indigenous student retention plan that

considers various levels, interest and support in education and career advancement.

- C. Establish cultural competency amongst recruitment staff.

Community–University partnerships

- D. Identify and engage local, regional, national and international Indigenous communities and community organizations.
- E. Develop partnerships and collaborations with First Nations colleges and universities.
- F. Mobilize existing University–Indigenous community partnerships.
- G. Prioritize and promote short-term educational offerings of interest to Indigenous learners.

External partnerships

- H. Engage industry stakeholders to present opportunities to support Mount Royal’s proven initiatives and programs, funding capital projects and spaces.
- I. Promote and pursue relationships with the Ministry of Indigenous Relations.
- J. Establish networks and relationships with national champions of Indigenous learning.
- K. Engage specific stakeholders who can be allies in supporting Indigenous students in developing key skills, abilities and competencies.
- L. Create opportunities for speaking, co-curricular learning and extended learning for Indigenous students.

- M. Develop appropriate child-care services for Mount Royal’s Indigenous community of staff, faculty and students.

Going forward, Mount Royal is excited to build on the strong progress that has already taken place in this area. Mount Royal is already a leader in creating an environment that fosters success for Indigenous students and in campus Indigenization, as shown through several recent successes:

- A partnership with the Iyârhe (Stoney) Nakoda in course development and delivery of a field school in Morley, Alberta in May 2017.
- A Memorandum of Understanding between the Board of Governors of Mount Royal University and the Iiniisti Treaty Arts Society for the development of resources contributing to curricula.
- Fort Whoop Up Interpretive Society has initiated a statement of intent to loan artifacts and other exhibits, specifically the cultural artifacts in conjunction with Blackfoot protocols.

These initiatives provide Mount Royal’s students with community connections that enhance learning about the various Indigenous peoples and cultures and provide knowledge from Indigenous perspectives. In some cases, these initiatives build on pre-existing relationships. In other cases, the initiative has been pursued by community members because of Mount Royal University’s growing reputation as a partner and the Indigenous Strategic Plan.

Internationalization

Internationalization is a key component of the University's Strategic Plan, both in terms of retention and recruitment, but also for increasing the opportunities for international experiences for domestic students. In this section, a brief overview of our new and existing partnerships that are necessary to achieving these goals is provided, as is a view of the experiences that students are intended to have before graduation.

International partnerships

Mount Royal's internationalization initiatives aim to foster cross-cultural learning and deepen students' appreciation of international issues and cultural diversity. At present, Mount Royal has partnered with 78 post-secondary institutions around the world to provide students and faculty with a range of international opportunities, both inbound and outbound. Partnerships are reviewed on an ongoing basis for levels of activity and reciprocity. Likewise, new partnerships are negotiated each year. During 2016/17, eight new partnerships were formed, including a high-profile strategic partnership with the University of Cologne (Cologne, Germany) in Education. In addition, an expanded partnership was developed with Ecole Supérieure Des Sciences Commerciales d'Angers (ESSCA) (d'Angers and Paris, France), which will allow MRU students to complete their degrees in France and provide a graduate school pathway in Business.

International experiences

As noted in the University's Strategic Plan, Mount Royal intends to further increase its international teaching, learning and research activity in the years to come. Of note:

- At least 5% of students will participate in international field schools prior to graduation.
- The number of Mount Royal students participating in semester-long study abroad experiences will increase to 650 per year by 2024/25 from 76 in 2016/17.
- At least 5% of students will study abroad for at least one semester prior to graduation.
- The proportion of international students on campus in credit programs will increase from 2.5% to 5% over the next 10 years.
- The number of international mobility students on semester-long exchanges at Mount Royal will grow to 650 per year from 99 in 2016/17.

Information technology

Foundational changes to information technology services

Mount Royal University currently spends approximately \$10 million on Information Technology Services (ITS) labour to maintain its systems, but is unable to make significant inroads in contributing to institutional growth and transformation. Approximately 95% of ITS labour focuses on running the organization. This percentage of labour must change to properly support Mount Royal's University Strategic Plan, which focuses on growing student enrolment and transforming how the University contributes to student success.

ITS's long-term operational goal for 2025 seeks an equal one-third split between the operational concepts of run, grow and transform. Each of these three areas will have specific goals and objectives that guide development of labour skills and execution of initiatives. The University's strategic technology plan will guide this work, as will the information technology and data governance frameworks.

What follows is a description of the high-level guiding principles in shifting focus to institutional growth and transformation. These initiatives involve removal of redundancies in workflow or systems, sharing services with other post-secondary institutions and conducting business process re-engineering and design work.

Specific strategies to guide the redirection of run funds to growth and transformation activities will focus on the use of best practices in areas such as project management and tighter

coupling of business cases to benefits realization; gone is the approach typical of many organizations; i.e., 'build it and they will come'. Projects that are better planned and executed lead to operational systems that require fewer resources to support while delivering more value to their users. In addition, Mount Royal will intentionally invest in tools that leverage ITS staff in a significant way, giving them more insight and impact in their daily work, and ultimately providing greater value for client partners across the institution.

Information Technology Services and the Technology Stewardship Committee

Mount Royal University's Information Technology Services (ITS) department supports all student-, academic- and administrative-facing systems with a focus on safe, timely and efficient operations. ITS receives strategic guidance and oversight from the Technology Stewardship Committee (TSC), chaired by the chief information officer (CIO) and consisting of members from across the University community.

The purpose of the TSC is the creation and execution oversight of Mount Royal University's strategic technology plan. The TSC is central to the successful functioning of the IT stewardship process. It is an executive-level committee, setting strategic objectives and establishing institutional criteria for prioritizing

systems initiatives. This committee provides stewardship for the information systems project portfolio and ensures information systems decisions have strategic fit, functional utility and balanced investment across the institution. The committee's responsibilities include guidance for the technology project portfolio with a focus on realizing benefits of implemented initiatives, as well as direction on necessary standards for efficient operations, enterprise data and systems architecture.

The priorities and activities set by the TSC include:

- **Governance**

Oversee the ITS stewardship process. Provide guidance to the development of University-wide information technology services policies and standards.

- **Representation and advocacy**

Represent all ITS stakeholders across the University. Engage senior academic leaders, student service leaders and administrative service leaders through web portals, town hall meetings and informal discussions. Finally, identify faculty/ department initiatives that support the University Strategic Plan.

- **Initiative prioritization and oversight**

Establish institutional criteria for prioritizing system initiatives. Monitor progress of ITS initiatives. Assess benefits realization of information systems initiatives.

The TSC ensures that a disciplined approach imbues all Mount Royal information technology systems and processes in order to realize value while sustaining ongoing operations.

New investment

With the investment in labour and adoption of project and operational best practices, Mount Royal will be in a position to take advantage of upgraded and new systems across its faculties and business units.

The list of technology initiatives and their implementation timelines are subject to change, based on factors such as institutional need, availability of resources and the ability of the affected department(s) to realize the intended benefits of the initiative. Three overriding themes that support Mount Royal's Strategic Plan will guide planning in the short term to address urgent needs:

- **Excellence in teaching and learning**

Projects with this focus support a personalized learning experience (University Strategic Plan strategy 1.1) and high-impact experiences in and out of the classroom (strategy 2.1). In addition, technology investments will support student participation in research projects (strategy 3.3) and help support development of empowered learners (strategy 3.4).

- **Data-informed decision-making**

Projects with this focus help contribute to enhanced understanding of students' needs and making strategic technology investments that support Mount Royal's ability to meet increased demand in a cost-effective manner. In addition, enhanced understanding of learner requirements will allow Academic Affairs to continually innovate curriculum (strategy 7.1), break down barriers and support timely degree completion (strategy 4.3).

- **Work efficiencies**

Projects with this focus contribute to an environment of strong financial stewardship (strategy 10.2), which frees up necessary resources needed to invest in innovation.

With increasing demand on our resources, leveraging skills appropriately is fundamental to success by balancing processes that are efficient and maximize productivity.

TSC is the guiding body that establishes technology goals and provides direction on investment of its reserve funds. The scarcity of these resources requires maximizing the investment of TSC reserves by way of the IT governance framework and ensuring we invest in foundational components of ITS labour, project management best practices and operational excellence.

Capital plan

Mount Royal University's Capital Plan focuses on enhancing and developing academic spaces, facilities and structures on its Lincoln Park Campus to provide Mount Royal students, staff and faculty with a premier learning and working environment. The critical capital projects for Mount Royal are outlined below, including one approved project and priority projects yet to be approved by the Province. These capital projects provide Mount Royal with the space and facilities to carry out its mandate and to align with the Ministry of Advanced Education's goal of having a baccalaureate and applied studies institution that can provide lifelong learning to Albertans.

In the broader context, Mount Royal's overarching Campus Master Plan (CMP) was approved by the Board of Governors on May 30, 2016. This planning process commenced in May 2015 and involved extensive consultation both within the Mount Royal community and with external stakeholders. The outcomes of the master planning process will inform the University's campus development for the next 20 to 30 years. The completed CMP will also initiate the more detailed cost estimation of the priority projects noted below.

A key focus of the CMP is to provide direction and guidance to the University to maximize the usefulness and scalability of current facilities, through repurposing and renovating existing spaces to support Mount Royal's continued growth. The Internal Renovations Master Plan was completed in the spring of 2017 and provides clarity on the repurposing and renovation of vacated spaces.

Projects for approval

Project and Budget

Repurposing of Existing Library Vacated Spaces and Main Street Renovations

With the completion and official opening of the new Riddell Library and Learning Centre in Fall 2017, Mount Royal is left with an expansive vacated space at the heart of its campus in need of redevelopment. Repurposing of the vacated library, Student Learning Services and Academic Development Centre enables the further development of programs and services.

Student services currently operate in scattered locations throughout the campus, a source of confusion and frustration for students seeking particular kinds of support. To create a student-centred point of arrival and offer a "one-stop shop" for students, Mount Royal would like to consolidate and centralize student services in a more visible and accessible location.

The scope of the project includes the relocation of student services such as Enrolment Services, the Iniskim Centre (Mount Royal's Indigenous student centre), Career Services, Learning Skills, and Testing and Disability Services, and the creation of a main street concept, introducing light wells to allow for light to penetrate lower-level areas, and incorporate inner and outer courtyards to the space to provide visual interest.

Preliminary estimate: \$31 million

Repurposing of the Former Conservatory Space

With the completion of the Taylor Centre for the Performing Arts and Bella Concert Hall in Fall 2015, an opportunity exists to repurpose the former Conservatory space to help meet priority

teaching and learning needs. Renovation of existing facilities would provide additional instructional space, faculty and support staff offices, and student study spaces.

Preliminary estimate: \$12.5 million

Repurposing of Existing Facilities

The recently completed review and assessment of our existing physical infrastructure has resulted in an internal repurposing/renovations master plan. The plan outlines the total space available to be repurposed and provides an updated cost estimate to complete the entire plan. By completing this much-needed internal repurposing of space, we will generate additional physical capacity of 2,328 square metres of useable physical space, we will impact and repurpose a total of 21,513 square metres and will build a net additional capacity to accommodate up to 1,250 additional FLE. All of this additional/repurposed space will not require any additional operating funding (lights-on funding) to support the ongoing operations for the space as those funds already exist within our base operating grants.

Preliminary estimate: \$6 million

Research Labs and Facilities

In transitioning from a college to an undergraduate university mandate, Mount Royal faculty members have deepened their engagement in research and scholarship activities. Laboratory facilities are of critical importance, primarily in the Faculty of Science and Technology, and they are fundamental infrastructure to engage in research, and to attract external, project-based funding in support of such research.

Preliminary estimate: \$12.5 million

Indigenous Family Housing Residence

A key strategic priority of Mount Royal University is to support growth in both the number and success of Indigenous learners. Affordable housing is one of the most significant barriers any student faces when considering post-secondary education. Mount Royal is committed to eliminating these barriers through the provision of on-campus housing for Indigenous students and their families. The three distinct components of this strategy are: construct a new residence increasing the number of family housing units from the existing 4 to 14, provide reliable housing bursaries, and provide stable support programming to ensure student success. The proposed housing residence will include 10 apartment-style living units, a multipurpose room, services such as laundry and storage, and an outdoor play area and parking.

Preliminary estimate: \$10 million

New Information Technology Data Centre

Requirements for business continuity and disaster recovery planning indicate that the institution will need to build either an additional, or single new, data centre. Mount Royal's current data centre was built more than 20 years ago. An additional data centre will allow Mount Royal to expand its technology utility base and accommodate the growth in storage and technology support required for the institution.

Preliminary estimate: \$6 million

Budget and finance information

Health Sciences and Science and Technology Wing Expansion - Phase II

With the anticipated expansion of the Health Sciences and Science degree programs as a key part of the overall degree growth for the University, the need for the creation of a Health Sciences wing is foreseen, which would be incorporated into a significant expansion of the current Science and Technology space over the long term. This would create an integrated Health Sciences and Science wing to support expanded Mount Royal degree program offerings in these areas.

Preliminary estimate: \$152 million

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

The following provides an overview of the financial results achieved in the fiscal year ended June 30, 2017, with discussion and analysis of the following areas:

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

Economic and operating environment

The ongoing commitment by the provincial government to provide stable grant funding for post-secondary education provides much-needed support to the University's operations. While the Alberta economy continues its slow recovery and the year-over-year Consumer Price Index (CPI) reported for June 2017 was a modest 0.4%, annual cost escalation for delivery of education continued to exceed provincial CPI and the 2% increment provided on Mount Royal's Campus Alberta Grant.

The revenue and expense trends for the University reflected these increasing financial pressures, as well as an early impact on sustainability initiatives.

Mount Royal, consistent with most post-secondary institutions, expends the majority of its operating budget on personnel. Salary and benefits expenses represented 70% of operating expenses in 2016/17. Given compensation increases previously settled through collective bargaining and costs associated with strategic initiatives, the University's operating costs exceeded increases provided through government and tuition revenue. Ancillary and commercial services previously relied upon to provide net financial contributions to support delivery of instruction and related services continue to be impaired by economic conditions and muted demand. In particular, demand for credit-free offerings remained below long-term trends and budgeted activity levels. Adjusting to this environment of modest revenue growth, the University is reducing financial pressure through sustainable initiatives to increase physical plant efficiencies, minimize utility costs and realize operational efficiencies. While these involve initial investment and time to realize full benefits, substantial utilities savings have been realized. In 2016/17 consideration of alternate program and service offerings, modified resource allocation methodologies and streamlining of internal services were priority initiatives to improve the University's resiliency.

Consistent with *Learning Together Leading Together*, Mount Royal is focused on strategic growth. While jurisdictions across Canada struggle to maintain stable enrolment levels, Mount Royal and post-secondary institutions in the Calgary region continue to face strong demand for access to undergraduate degree offerings. In 2016/17, the University

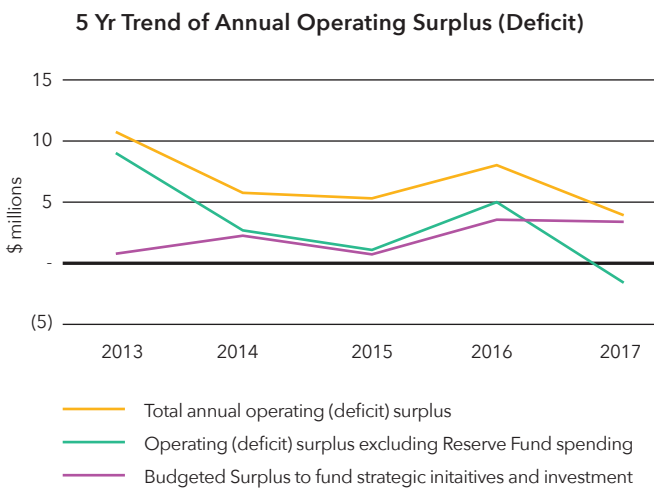
strategically expanded course offerings for current students to resolve identified bottlenecks and to support improved time to degree completion. This initiative resulted in a 2.6% increase in FLE in 2016/17, compared with 2015/16. Future growth will focus on adjusting intake targets based on a thorough analysis of institutional capacity.

Financial health indicators

The University is focused on its long-term financial sustainability to enable continued delivery of its premium undergraduate programs and services.

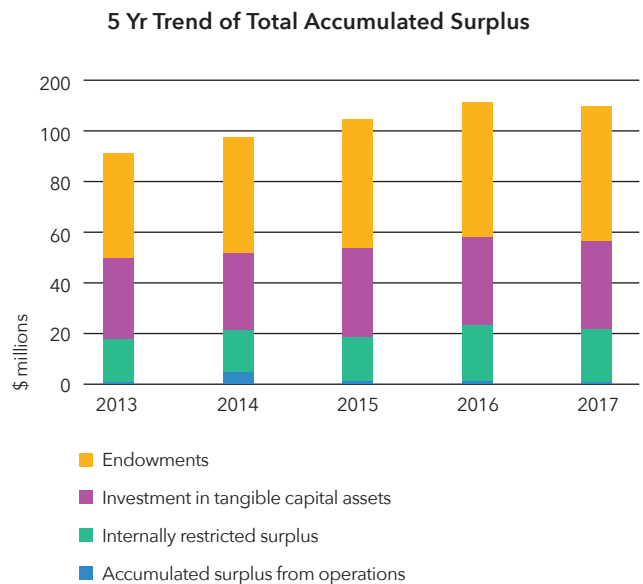
The annual operating (deficit) surplus position reflected annual operating revenues less expenses, including spending on internally restricted fund activities which were not reflected in the budget. Internally restricted fund activities were focused on strategic initiatives, investment needed for revenue generating facilities and units, and capital investments. The annual budget is established to generate sufficient surplus to fund these strategic and investment needs. The University's net operating position has fluctuated over the past several years, but at the close of 2016/17 was at its lowest position in the past five years. The University continues its focus on cost containment and revitalization of credit-free and commercial offerings to improve this trend.

This annual (deficit) surplus contributed to the total accumulated surplus presented on the Statement of Financial Position. This balance represents the accumulation of available



resources from prior years. The \$109.9 million accumulated surplus total at the close of the 2016/17 is made up of 48% for endowed balances which are restricted in their use (\$52.7 million); 33% for the University's net investment in its tangible capital assets (\$36.0 million); 18% for internally restricted surplus (\$20.2 million); and, the balance of 1% (\$1.0 million) in unrestricted net assets.

Proportionately, the five-year trend in internally restricted surplus balances plus unrestricted accumulated surplus from operations makes up a decreasing portion of total accumulated surplus. This means there are diminishing resources for the University to invest in strategic initiatives and facilities. This is the result of costs exceeding revenue streams, the majority of which are defined or regulated by provincial government. The remaining revenue streams from activities beyond the government's control or regulation provide increasingly unreliable contributions given the current economic environment.



In the face of this trend of increasing financial constraint, operating efficiencies are being sought by coordinating key services, using the University's capacity for program delivery, both physically and in terms of instructional delivery, and reducing facility operating costs.

Financial risks

Net contributions from Continuing Education and Extension offerings, including corporate training, have not recovered from pre-2014 levels, resulting in a shift of offerings based on demand. Despite efforts to mitigate costs to offset revenue reductions, contribution margins continue to narrow.

Realignment of Continuing Education and Extension offerings to meet the needs of the community is critical to realizing the previous financial contributions of this operation.

Realizing the University's strategic growth objective of 13,000 FLE by 2025 relies upon increased financial support from the Government of Alberta, changes to the University's cost structure to reduce total costs per FLE and realization of instructional capacity. The University is examining its cost structures and untapped instructional capacity. Recognizing that incremental tuition and fee revenue related to increased student intake covers only 30% of the full institutional expenses per FLE, incremental government support will be needed to fund sustained, substantial growth to meet community demand. The increasing cost of regulatory compliance, the breadth of support required by students and the maintenance of sound administrative supports contribute to the need for enrolment growth to distribute increasing non-discretionary costs.

"Lights on" funding for Government-supported facilities has historically been provided upon completion of the facility to cover basic operating costs, including utilities and custodial maintenance. In the summer of 2017, the University celebrated the opening of the Riddell Library and Learning Centre, a single building adding nearly 16,000 square metres for student and academic support. The basic operating costs of this new facility are estimated at just under \$2 million annually. An estimated \$1.8 million for annual "lights on" funding was anticipated starting in 2017/18; however, the Province has announced that "lights on" funding would no longer be provided to new facilities as was done in prior years. The loss of this funding for 2017/18 represents an annual shortfall

equal to the 2% increase to the Campus Alberta Grant to support increasing operating costs. This change represents a disproportionate cutback to Mount Royal, placing further financial pressure on operations results.

Fiscal year results

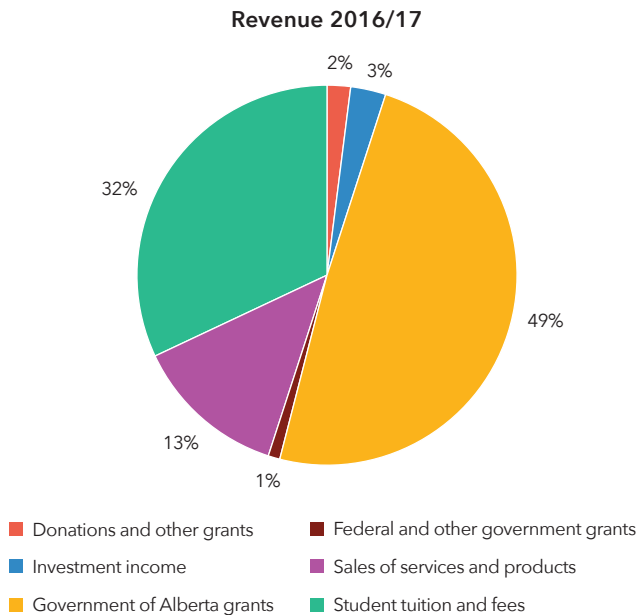
2016/17 consolidated financial results

At the consolidated entity level, total revenue and expense excluding internally restricted fund spending of \$5.2 million were materially on budget. Revenues fell just short of 2015/16 levels and expenses increased over this past year by \$4 million in operations and an additional \$2 million in spending activity from internally restricted sources for special projects and strategic investments.

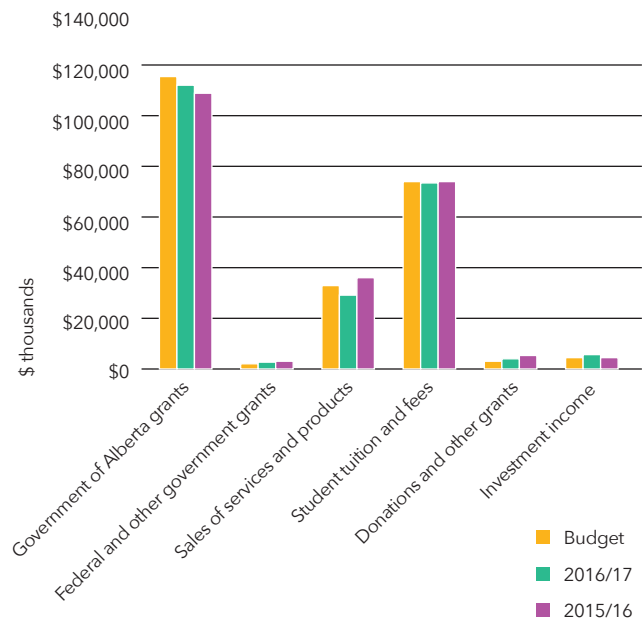
In spite of the continued dampening economic impact of lower commodity prices and related commercial and ancillary sales levels, total University revenue was achieved through growth in student enrolments, increased grant funding and above budget investment portfolio returns. On the expense side, material savings in utilities and costs of service delivery served to offset beyond budget labour spending, which was related to the delivery of courses generating additional program enrolment.

Revenue

Regulated revenues through the provincial grants and student tuition and fees continued to make up the majority of the University's income sources. Grants plus student-based revenues totalled 82% of the University's income stream in 2016/17.



Revenue by source – budget, actual and prior year



Grant funding streams

Provincial grant revenue totalled \$113.1 million. While slightly below the budgeted value of \$114.4 million, there was a 2% increase to the University's operating grant and a 3.3% increase in provincial grant funding, compared with 2015/16. Of the total \$113.1 million, the Campus Alberta Grant made up \$99.4 million. The balance was comprised of capital grant funding for construction of the Riddell Library and Learning Centre (\$27.7 million received in 2016/17) and other grants, including start up support for the University's new Bachelor of Interior Design and Infrastructure Maintenance Program funding.

A variety of federal and other government grants contributed over \$2.3 million to program specific activities, including externally funded research activities beyond budget.

Sales of services and products

The effects of muted economic growth were seen in total sales revenue below that of the prior fiscal year. Adjusting 2015/16 to remove extraordinary activity valued at \$1.8 million for services provided in response to the Fort McMurray wildfires, total sales in 2016/17 were \$2.8 million below 2015/16 levels. This difference primarily reflected the decline in corporate training and custom training markets. Design and launch of new programming is taking longer than anticipated and was projected to offset corporate training reductions. Lower facility rentals, registration for Recreation offerings and monthly parking permits also contributed to the revenue shortfall. Finally, increased vacancy rates for accommodation in Calgary are attributed to student residence revenue falling 3% below budget.

Offsetting these revenue shortfalls were increased sales generated by Event and Theatre Services, the newly created service unit marketing and providing University facilities for conferences, events and theatre activities beyond the delivery of courses and core services. This activity continues to grow as the University capitalizes on its exceptional facilities to serve the needs of a variety of groups and activities and as the Business and Retail Service group refreshes its service delivery model under its growth plan.

Student tuition and fees

Over 2016/17, the University extended a number of courses

and seats available in courses identified as bottlenecks for students' program progression. In particular, courses were added in the spring and summer sessions to make use of available capacity. This contributed to an increase in enrolment and the addition of \$2.6 million in tuition revenue over budget and the prior year. Offsetting this growth in revenue was lower registration in credit-free offerings in the Faculty of Continuing Education and Extension, as well as below budget revenue for fees. The net reduction in fees was due in large part to fewer abandoned tuition deposits and to a lesser extent reduced flight fee revenues given disruption to the University's Aviation program following the tragedy in February 2017.

Investment income

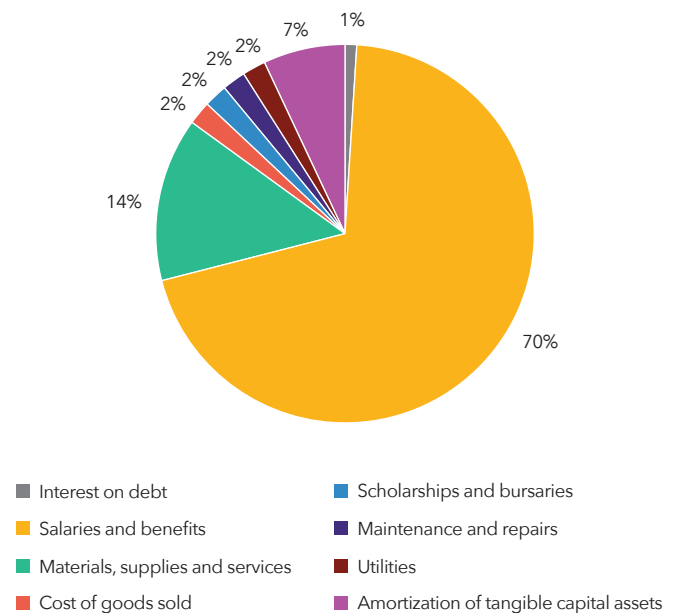
Investment income realized in 2016/17 reflected the increased rate of return of 6.2%, compared with 5.7% in 2015/16, above budget distribution of scholarships and increased beneficiary program spending. The University's investment portfolio returns reflected the strength of the investment markets in which both the restricted and unrestricted assets were held. Indexes in all asset classes, with the exception of bond funds, generated stronger realized returns in support of general operations, scholarships, bursaries and programs supported by endowments.

Expense

Labour expense

The labour related expenses of salaries and benefits were 70% of the University's operations in 2016/17, compared with 69% in 2015/16. Spending in 2016/17 on labour grew by 3.4%, reflecting the previously settled increments in the collective agreements for all members of the Mount Royal University Faculty Association and the Mount Royal University Staff Association at 1.8% and 2.5%, respectively, as well as salary grid advancement for those members who had not reached the top of their respective grids. Management and exempt personnel salary levels were frozen throughout 2016/17 as directed by the Government of Alberta. Revisions to roles and functions are ongoing in response to changing service requirements and to ensure the University is best placed for future opportunities. At times, these changes involve reorganization initiatives and position abolishment. The related costs are captured in the labour expense. Special projects funded through internally restricted funds resulted in \$911,000 of unbudgeted labour expense in 2016/17.

Expense by Object – 2016/17



Materials, supplies and services

Materials, supplies and services spending in 2016/17 exceeded budget by \$4.6 million. This excess was related to spending from internally restricted funds on special projects and priority initiatives, including needed renovations and alterations.

Maintenance and repairs

Reduced expense on maintenance and repairs resulted from capitalization of major maintenance project expenditures given the measurable increase in future service capacity. Overall maintenance/repair activities and spending were relatively consistent with 2015/16 and the budget.

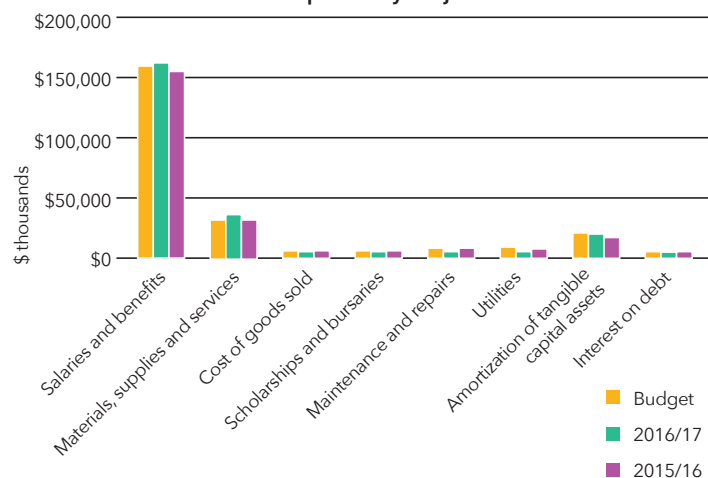
Utilities

Sustainability has been a focus for the University and its facility operations for some time. While renegotiation of the University’s electrical contract resulted in substantial savings, further cost reductions were realized through improvements to building automation systems and modernization of building equipment and fixtures. Spending on utilities reflected savings of \$1.4 million over 2015/16 and \$2.1 million below budget. Spending in 2017/18 is forecasted to exceed this level given the opening of the Riddell Library and Learning Centre, but the University expects to continue to reduce utility consumption and minimize costs through the addition of LEED certified facilities.

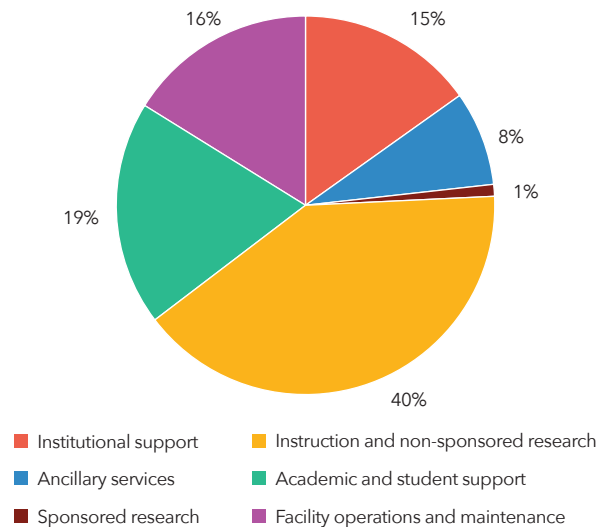
Amortization of tangible capital assets

The completion and introduction of the Riddell Library and Learning Centre within the 2016/17 fiscal year resulted in the 21% increase (\$3 million) in amortization expense.

Expense by Object



Expense by Function - 2016/17



Instruction

Delivery of instruction and non-sponsored research expenses ran below budget for 2016/17 due primarily to \$1.8 million in cost reductions given lower activity levels in the Faculty of Continuing Education and Extension. Further, reclassification of the functions in the Library and Institute of Scholarship, Teaching and Learning between Instruction and Academic Support produced a net reduction of \$450,000 to Instruction and a net increase to Academic and Student Support. These savings and reductions were partially offset by the increased cost of delivery in credit course sections and enrolments.

Academic and student support

The functional reclassification of the activities of the Library and the Institute of Scholarship, Teaching and Learning as described above increased the net cost of Academic and Student Support by \$950,000. There was also a rise beyond budget for entrance award scholarships, additional awards for Indigenous students through provincial grant funding and conditional grant funded activities beyond budget in the Faculty of Health, Community and Education.

Facility operations and maintenance

A material decrease in utility expenses was offset by increased costs of amortization reflecting the addition of the Riddell Library and Learning Centre, a rise in custodial costs due to the increase in Alberta’s minimum wage and maintenance and repair activities that were greater than budget.

Institutional support

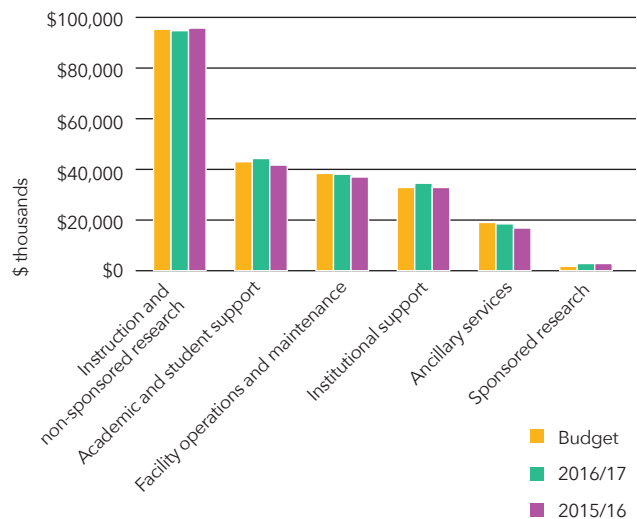
Increased institutional support activity levels and associated

costs reflected spending from internally restricted funds, as well reorganizational and associated abolishment costs as the University strives for future cost containment related to institutional support and compliance.

Sponsored research

The expense of sponsored research was \$1.1 million beyond budget and exceeded spending in 2015/16. This was due to the growth of externally funded research activities at the University, generating external financial support for research activities and utilizing the available expertise and facilities to conduct this important work. All sponsored research is fully offset by external grant funding.

Expense by Function – 2016/17



Public interest disclosure activity

The University as at June 30, 2017

The financial position of the University upon conclusion of the 2016/17 fiscal year reflected the revenue and expense activities described above. The construction and completion of the Riddell Library and Learning Centre, as well as increased spending of internally restricted funds, contributed to a reduced cash position. Market returns and unrealized market gains experienced on the University's investment portfolio positively impacted both portfolio investments, non-endowed and restricted for endowment. Spending on the Riddell Library and Learning Centre also represented a net increase of \$20 million in tangible capital assets and a related net increase to spent deferred capital contributions.

The University remains stable with growth in its net financial assets year-over-year and growth in net assets overall as at June 30, 2017. The focus on improving financial sustainability through utilization of capacity, cost containment and reduction of utility consumption continues so the ongoing constraint on revenue relative to increasing expenses does not negatively impact the University's future realization of its strategic goals and ability to grow to meet demand for its programs.

Mount Royal University provides avenues for the safe disclosure of concerns related to discrimination and harassment, fraud and misconduct, financial irregularity and noncompliance with policy. Two disclosures were received during the 2016/17 fiscal year; both were addressed and neither qualified as a public interest disclosure under the *Public Interest Disclosure (Whistleblower Protection) Act*.

Statement of management responsibility

The consolidated financial statements of Mount Royal University (“the University”) have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements present fairly the financial position of the University as at June 30, 2017 and the results of its operations, change in net financial assets, remeasurement gains and losses and cash flows for the year then ended.

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

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

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

These consolidated financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post secondary Learning Act*. The Independent Auditor’s

Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.

[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, 2017, and the consolidated statements of operations, change in net financial assets, 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, 2017, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

October 30, 2017

Edmonton, Alberta

Mount Royal University
Consolidated financial statements

Consolidated statement of financial position

As at June 30, 2017 (thousands of dollars)

	2017	2016
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 18,952	\$ 27,319
Portfolio investments – non-endowment (note 3)	85,397	76,561
Accounts receivable (note 5)	13,174	16,659
Inventories for resale	374	551
	117,897	121,090
Liabilities		
Accounts payable and accrued liabilities	32,769	28,863
Employee future benefits liabilities (note 6)	3,609	3,817
Debt (note 7)	62,046	63,521
Deferred revenue (note 8)	46,432	50,569
	144,856	146,770
(Net debt) excluding portfolio investments restricted for endowments	(26,959)	(25,680)
Portfolio investments – restricted for endowments (note 3)	58,717	56,721
Net financial assets	31,758	31,041
Non-financial assets		
Tangible capital assets (note 10)	356,330	335,867
Inventories of supplies	68	49
	356,398	335,916
Net assets before spent deferred capital contributions	\$ 388,156	\$ 366,957
Spent deferred capital contributions (note 9)	268,862	248,298
Net assets (note 11)	\$ 119,294	\$ 118,659
Net assets is comprised of:		
Accumulated surplus	109,912	110,977
Accumulated remeasurement gains	9,382	7,682
	\$ 119,294	\$ 118,659

Contingent liabilities and contractual obligations (note 13 and 14)

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

Mount Royal University
Consolidated financial statements (cont.)

Consolidated statement of operations

Year ended June 30, 2017 (thousands of dollars)

	Budget	2017	2016
Revenues			
Government of Alberta grants (note 18)	\$ 114,397	\$ 113,119	\$ 109,505
Federal and other government grants	1,570	2,317	2,338
Sales of services and products	31,866	29,497	34,114
Student tuition and fees	73,596	73,374	73,055
Donations and other grants	4,341	4,982	5,684
Investment income	5,367	7,346	6,263
	<u>231,137</u>	<u>230,635</u>	<u>230,959</u>
Expenses (note 16)			
Instruction and non-sponsored research	94,537	93,202	94,771
Academic and student support	43,214	45,179	42,831
Facility operations and maintenance	37,314	37,410	35,367
Institutional support	33,017	35,138	33,009
Ancillary services	18,157	18,461	17,428
Sponsored research	1,895	3,011	2,718
	<u>228,134</u>	<u>232,401</u>	<u>226,124</u>
Annual operating (deficit) surplus	3,003	(1,766)	4,835
Endowment contributions (note 11)		673	1,017
Endowment capitalized investment income (note 11)		28	575
Annual (deficit) surplus	3,003	(1,065)	6,427
Accumulated surplus, beginning of year	110,977	110,977	104,550
Accumulated surplus, end of year	<u>\$ 113,980</u>	<u>\$ 109,912</u>	<u>\$ 110,977</u>

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

Mount Royal University
Consolidated financial statements (cont.)

Consolidated statement of change in net financial assets

Year ended June 30, 2017 (thousands of dollars)

	Budget	2017	2016
Annual (deficit) surplus	\$ 3,003	\$ (1,065)	\$ 6,427
Acquisition of tangible capital assets	(44,879)	(37,794)	(46,246)
Proceeds from disposal of tangible capital assets		576	21
Amortization of tangible capital assets	17,025	16,888	14,297
(Gain) on disposal of tangible capital assets		(133)	(14)
Change in inventories of supplies		(19)	(13)
Change in spent deferred capital contributions (note 9)	29,308	20,564	34,523
Net accumulated remeasurement gains (losses)		1,700	(1,733)
Increase in net financial assets	4,457	717	7,262
Net financial assets, beginning of year	31,041	31,041	23,779
Net financial assets, end of year	\$ 35,498	\$ 31,758	\$ 31,041

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

Mount Royal University
Consolidated financial statements (cont.)

Consolidated statement of remeasurement gains and losses

Year ended June 30, 2017 (thousands of dollars)

	2017	2016
Accumulated remeasurement gains, beginning of year	\$ 7,682	\$ 9,415
Unrealized gains (losses) attributable to:		
Portfolio investments – non-endowment	2,247	(1,560)
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments – non-endowment	(547)	(173)
Accumulated remeasurement gains, end of year	\$ 9,382	\$ 7,682

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

Mount Royal University
Consolidated financial statements (cont.)

Consolidated statement of cash flows

Year ended June 30, 2017 (thousands of dollars)

	2017	2016
Operating transactions		
Annual (deficit) surplus	\$ (1,065)	\$ 6,427
Add (deduct) non-cash items:		
Amortization of tangible capital assets	16,888	14,297
(Gain) on disposal of tangible capital assets	(133)	(14)
Expended capital recognized as revenue	(11,046)	(8,454)
(Decrease) in employee future benefit liabilities	(208)	(532)
(Gain) on sale of portfolio investments	(958)	(309)
Total non-cash items	3,478	11,415
Decrease (increase) in accounts receivable	3,485	(1,945)
Decrease in inventories for resale	177	174
Increase (decrease) in accounts payable and accrued liabilities	3,906	(6,638)
Increase in spent deferred capital contributions, less expended capital recognized as revenue, less in kind donations	31,587	42,968
(Decrease) in inventories of supplies	(19)	(13)
(Decrease) in deferred revenue	(5,433)	(14,855)
Cash provided by operating transactions	37,181	31,106
Investing transactions		
Purchases of portfolio investments	(12,456)	(11,183)
Proceeds on sale of portfolio investments	5,579	4,687
Cash (applied to) investing transactions	(6,877)	(6,496)
Financing transactions		
Debt – repayment	(4,030)	(3,811)
Debt – new financing	2,555	886
Cash (applied to) financing transactions	(1,475)	(2,925)
Capital transactions		
Acquisition of tangible capital assets, less in kind donations	(37,772)	(46,237)
Proceeds on disposal of tangible capital assets	576	21
Cash (applied to) capital transactions	(37,196)	(46,216)
(Decrease) in cash	(8,367)	(24,531)
Cash, beginning of year	27,319	51,850
Cash, end of year	\$ 18,952	\$ 27,319

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

Mount Royal University
Notes to the consolidated financial statements
Year ended June 30, 2017 (thousands of dollars)

Notes to the consolidated financial statements

Year ended June 30, 2017 (thousands of dollars)

1. AUTHORITY AND PURPOSE

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

a. General – Public Sector Accounting Standards (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 consolidated financial statements.

b. Valuation of Financial Assets and Liabilities

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

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

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

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

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

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

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

c. Revenue Recognition

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

Government grants, non-government grants and donations

Government Transfers are referred to as government grants.

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

Government grants without terms for the use of the grant are recognized as revenue when the University is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

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

Grants and donations related to land

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

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

Endowment donations

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

Investment income

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

d. 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 by the endowments in excess of the amount required for spending allocation is capitalized to maintain and grow the real value of the endowments. Benefactors as well as University policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and by reinvesting unexpended income.

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

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

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the cumulative capitalized investment income. However, for individual endowments without sufficient cumulative capitalized investment income, endowment principal is used in that year and is expected to be recovered by future investment income.

e. Inventories for Resale

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 of supplies are valued at cost.

f. Tangible Capital Assets

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

Capital lease liabilities are recognized 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.

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	20 - 40 years
Learning resources	10 years
Furnishings, equipment and systems	3 - 20 years

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

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

g. Foreign Currency Translation

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

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

h. Employee Future Benefits

Pension

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

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

Long-term disability and early retirement

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.

The cost of providing non-accumulating and non-vesting employee future benefits for faculty early retirements has been charged to expense in full when the event occurs which obligates the University to provide the benefits. There have been no new additional participants in the current fiscal year.

Administrative leave and deferred salary plans

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

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.

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

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 and non-sponsored research

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

Sponsored research

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

k. Funds and Reserves

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

l. Future Accounting Changes

In March 2015, the Public Sector Accounting Board issued PS 2200 Related party disclosures and PS 3420 Inter-entity transactions. In June 2015, the Public Sector Accounting Board issued PS 3210 Assets, PS 3320 Contingent assets, PS 3380 Contractual rights, and PS 3430 Restructuring transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017, with the exception of PS 3430, which is effective for fiscal years starting on or after April 1, 2018.

- 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.
- PS 3210 – Assets provides guidance for applying the definition of assets set out in PS 1000, Financial statement concepts, and establishes general disclosure standards for assets.
- PS 3320 – Contingent assets defines and establishes disclosure standards for contingent assets.
- PS 3380 – Contractual rights defines and establishes disclosure standards on contractual rights.
- PS 3430 – Restructuring transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

Management is currently assessing the impact of these new standards on the consolidated financial statements. The University discloses transactions and balances related to the Government of Alberta in note 18.

3. PORTFOLIO INVESTMENTS

	2017	2016
Portfolio investments – non endowment	\$ 85,397	\$ 76,561
Portfolio investments – restricted for endowments	58,717	56,721
	\$ 144,114	\$ 133,282

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

	2017			
	Market yield	Level 2	Level 3	Total
Portfolio investments at fair value				
Pooled investments in bonds				
Canadian bonds	0.04%	\$ 57,009	-	\$ 57,009
Pooled investments in equities				
Canadian equities	11.02%	35,076	-	35,076
Foreign equities	19.31%	37,715	-	37,715
Pooled real estate units	5.87%	-	14,303	14,303
Other ^(a)	-	-	11	11
Total portfolio investments		129,800	14,314	144,114
		90%	10%	100%

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

	2016			Total
	Market yield	Level 2	Level 3	
Portfolio investments at fair value				
Pooled investments in bonds				
Canadian bonds	5.22%	\$ 52,509	\$ -	\$ 52,509
Pooled investments in equities				
Canadian equities	(0.24)%	34,926	-	34,926
Foreign equities	1.12%	32,947	-	32,947
Pooled real estate units	4.26%	-	12,890	12,890
Other ^(a)	-	-	10	10
Total portfolio investments		120,382	12,900	133,282
		90%	10%	100%

(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.

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

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

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

	2017		2016	
Balance, beginning of year	\$	12,900	\$	13,381
Purchases		673		-
Proceeds on sale		(44)		(1,036)
Unrealized gains		779		441
Gain on sale		6		114
Balance, end of year	\$	14,314	\$	12,900

4. FINANCIAL RISK MANAGEMENT

The University is exposed to the following risks:

a. Market price risk

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

At June 30, 2017, the impact of a change in the rate of return on the investment portfolio is as follows:

	Fair value		2.5% decrease		1.0% decrease		1.0% increase		2.5% increase	
Canadian bonds	\$	57,009	\$	(1,425)	\$	(570)	\$	570	\$	1,425
Canadian equities		35,076		(877)		(351)		351		877
Foreign equities		37,715		(943)		(377)		377		943
Real estate		14,303		-		-		-		-
	\$	144,103	\$	(3,245)	\$	(1,298)	\$	1,298	\$	3,245

b. Foreign currency risk

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

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

	Fair value		2.5% decrease		1.0% decrease		1.0% increase		2.5% increase	
US dollar investments	\$	20,470	\$	(278)	\$	(111)	\$	111	\$	278
Euro		4,149		(11)		(5)		5		11
British pound		2,263		(3)		(1)		1		3
Japanese yen		3,017		(6)		(2)		2		6
	\$	29,899	\$	(298)	\$	(119)	\$	119	\$	298

c. Credit risk

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

The credit risks on investments held are as follows:

	2017	2016
Credit rating		
AAA	39.80	39.60
AA	34.20	27.90
A	14.70	22.20
BBB	11.30	10.30
	100.00%	100.00%

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

d. Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with its financial liabilities. The University maintains a short-term line of credit of \$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, 2017 (2016 - \$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-rate agreements with Alberta Capital Finance Authority (note 7).

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

	Fair value	2.5% decrease	1.0% decrease	1.0% increase	2.5% increase
Cash	\$ 18,952	\$ (5)	\$ (2)	\$ 2	\$ 5
Bonds	57,009	11,623	4,649	(3,982)	(9,955)
Real estate	14,303	207	83	(83)	(207)

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

	<1 year	1-5 years	>5 years	Average effective market yield
	%	%	%	%
Portfolio investments, fixed income	2	43	55	0.04

5. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable	\$ 2,615	\$ 5,798
Receivable from the Students Association of Mount Royal University (note 7)	10,559	10,861
	\$ 13,174	\$ 16,659

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 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 7.

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

6. EMPLOYEE FUTURE BENEFIT LIABILITIES

Employee future benefit liabilities are comprised of the following:

	<u>2017</u>	<u>2016</u>
Long-term disability	\$ 2,292	\$ 2,231
Early retirement	-	224
Administrative leave including deferred salary plans	827	897
Supplementary retirement plans – defined benefit	248	266
Supplementary retirement plans – defined contribution (note 19)	242	199
	<u>\$ 3,609</u>	<u>\$ 3,817</u>

(a) Long-term disability and early retirement

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, 2017. The next actuarial valuation will be carried out June 30, 2018.

(b) Administrative leave

The University provides for certain senior executives to accrue a paid leave of absence 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 a non-contributory supplementary defined retirement benefit to a past executive member. An actuarial valuation of these benefits was carried out as at June 30, 2016. The next actuarial valuation will be carried out June 30, 2019.

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

The University provides non-contributory defined supplementary retirement benefits under a defined contribution plan to certain executive members. The pension expense recorded in these consolidated financial statements is \$43 (2016 - \$77).

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

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

	2017				
	Long-term disability	Early retirement	Administrative leave	Defined benefit	Defined contribution
Expense					
Current service cost	\$ 61	\$ -	\$ 93	\$ -	\$ 43
Amortization of actuarial loss	-	-	-	10	-
Interest cost	-	-	-	9	-
Total expense	\$ 61	\$ -	\$ 93	\$ 19	\$ 43

Financial Position

Accrued benefit obligation:

Balance, beginning of year	\$ 2,231	\$ 224	\$ 384	\$ 266	\$ 199
Current service cost	61	(224)	93	-	43
Interest cost	-	-	-	9	-
Amortization of actuarial loss	-	-	-	10	-
Benefits paid	-	-	-	(37)	-
Balance, end of year	\$ 2,292	\$ -	\$ 477	\$ 248	\$ 242

	2016				
	Long-term disability	Early retirement	Administrative leave	Defined benefit	Defined contribution
Expense					
Current service cost	\$ 590	\$ (915)	\$ 22	\$ -	\$ 77
Amortization of actuarial loss	-	-	-	5	-
Interest cost	-	-	-	8	-
Total expense	\$ 590	\$ (915)	\$ 22	\$ 13	\$ 77

Financial Position

Accrued benefit obligation:

Balance, beginning of year	\$ 1,641	\$ 1,139	\$ 362	\$ 290	\$ 219
Current service cost	590	(915)	22	-	77
Interest cost	-	-	-	8	-
Amortization of actuarial loss	-	-	-	5	-
Benefits paid	-	-	-	(37)	(97)
Balance, end of year	\$ 2,231	\$ 224	\$ 384	\$ 266	\$ 199

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

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

	2017		2016	
	Long-term disability	Defined benefit	Long-term disability	Defined benefit
Accrued benefit obligation:				
Discount rate	2.00%	2.50%	2.50%	2.50%
Benefit cost:				
Discount rate	2.00%	2.50%	2.50%	2.50%
Inflation (long-term)	1.75%	2.00%	2.25%	2.25%
Estimated average remaining service life	n/a	11 years	n/a	10 years

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

(e) Multi-employer pension plans

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for University members and is accounted for on a defined contribution basis. At December 31, 2016, the LAPP reported an actuarial deficit of \$637,357 (2015 - \$923,416 deficit). An actuarial valuation of the LAPP was carried out as at December 31, 2015 and was then extrapolated for December 31, 2016. The pension expense recorded in the consolidated financial statements is \$13,309 (2016 - \$12,891). Other than the requirement to make additional contributions, the University does not bear any risk related to the LAPP deficit.

7. DEBT

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

	2017			2016	
	Collateral ⁽¹⁾	Maturity	Interest rate %	Amortized cost	Amortized cost
Debentures payable to Alberta Capital Finance Authority:					
West Student Residence	1	August 15, 2027	6.1250%	\$ 20,533	\$ 21,817
Taylor Centre for Performing Arts	1	March 17, 2029	3.1250%	10,443	11,150
Mount Royal University Parkade	1	September 24, 2035	4.8675%	17,689	18,268
MRU Student Association's Wyckham Student Centre (note 5)	1	June 15, 2037	5.0030%	10,559	10,861
Liabilities under capital leases (note 14)			1.4657%	2,822	1,425
Balance, end of year				<u>\$ 62,046</u>	<u>\$ 63,521</u>

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

Principal and interest repayments are as follows:

Year	Principal	Interest	Total
2018	\$ 4,039	\$ 2,997	\$ 7,036
2019	4,018	2,820	6,838
2020	3,941	2,651	6,592
2021	3,838	2,476	6,314
2022	3,678	2,296	5,974
Thereafter	42,532	12,890	55,422
	<u>\$ 62,046</u>	<u>\$ 26,130</u>	<u>\$ 88,176</u>

Interest expense on debt is \$2,550 (2016 - \$2,684) and is included in the consolidated statement of operations.

8. DEFERRED REVENUE

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

	2017			2016	
	Unspent externally restricted grants and donations	Unspent externally restricted capital contributions	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 22,411	\$ 21,933	\$ 6,225	\$ 50,569	\$ 66,821
Grants, tuition, donations received during the year	8,609	28,096	6,242	42,947	47,625
Restricted investment income	3,273	160	-	3,433	2,980
Unrealized gains (losses)	1,296	-	-	1,296	(1,397)
Transfers to spent deferred capital contributions	(1,465)	(30,145)	-	(31,610)	(42,977)
Recognized as revenue	(13,978)	-	(6,225)	(20,203)	(22,483)
Balance, end of year	<u>\$ 20,146</u>	<u>\$ 20,044</u>	<u>\$ 6,242</u>	<u>\$ 46,432</u>	<u>\$ 50,569</u>

9. SPENT DEFERRED CAPITAL CONTRIBUTIONS

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

	2017	2016
Spent deferred capital contributions, beginning of year	<u>\$ 248,298</u>	<u>\$ 213,775</u>
Transfers from unspent externally restricted grants and donations	1,465	300
Transfers from unspent deferred capital contributions	30,145	42,677
Expended capital recognized as revenue	(11,046)	(8,454)
Net change for the year	<u>20,564</u>	<u>34,523</u>
Spent deferred capital contributions, end of year	<u>\$ 268,862</u>	<u>\$ 248,298</u>

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

10. TANGIBLE CAPITAL ASSETS

	2017					2016
	Land	Buildings ⁽¹⁾	Learning resources	Furnishings, equipment and systems ⁽²⁾	Total	Total
Cost						
Balance, beginning of year	\$ 6,815	\$ 445,362	\$ 5,688	\$ 49,315	\$ 507,180	\$ 465,071
Acquisitions	-	24,177	888	12,729	37,794	46,246
Disposals, including write-downs	-	-	(290)	(4,930)	(5,220)	(4,137)
	6,815	469,539	6,286	57,114	539,754	507,180
Accumulated amortization						
Balance, beginning of year	\$ -	\$ 133,246	\$ 2,647	\$ 35,420	\$ 171,313	\$ 161,146
Amortization expense	-	11,609	658	4,621	16,888	14,297
Effects of disposals, including write-downs	-	-	(290)	(4,487)	(4,777)	(4,130)
	-	144,855	3,015	35,554	183,424	171,313
Net book value, June 30, 2017	6,815	324,684	3,271	21,560	356,330	-
Net book value, June 30, 2016	\$ 6,815	\$ 312,116	\$ 3,041	\$ 13,895	\$ 335,867	\$ 335,867

(1) Historical cost includes construction in progress at June 30, 2017 of \$985 (2016 – \$59,204). No interest was capitalized by the University in 2017 or 2016.

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

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

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

11. NET ASSETS

	Accumulated surplus (deficit) from operations	Internally restricted surplus	Investment in tangible capital assets ⁽¹⁾	Endowments	Total
Net assets, as at June 30, 2015	\$ 10,543	\$ 18,136	\$ 34,839	\$ 50,447	\$ 113,965
Annual operating surplus	4,835	-	-	-	4,835
Endowments					
New donations	-	-	-	1,017	1,017
Capitalized investment income	-	-	-	575	575
Tangible capital assets					
Amortization of tangible capital assets	5,843	-	(5,843)	-	-
Acquisition of tangible capital assets	(3,158)	(111)	3,269	-	-
Debt repayment	(3,524)	-	3,524	-	-
Debt – new financing	886	-	(886)	-	-
Net book value of tangible capital asset disposals	7	-	(7)	-	-
Operating expenses funded from internally restricted surplus	3,211	(3,211)	-	-	-
Net Board appropriation to internally restricted surplus	(7,862)	7,862	-	-	-
Change in accumulated remeasurement (losses)	(1,733)	-	-	-	(1,733)
Net assets, beginning of year	9,048	22,676	34,896	52,039	118,659
Annual operating (deficit)	(1,766)	-	-	-	(1,766)
Endowments					
New donations	-	-	-	673	673
Capitalized investment income	-	-	-	28	28
Tangible capital assets					
Amortization of tangible capital assets	5,903	-	(5,903)	-	-
Acquisition of tangible capital assets	(6,004)	(212)	6,216	-	-
Debt repayment	(3,728)	-	3,728	-	-
Debt – new financing	2,555	-	(2,555)	-	-
Net book value of tangible capital asset disposals	415	-	(415)	-	-
Operating expenses funded from internally restricted surplus	5,230	(5,230)	-	-	-
Net Board appropriation to internally restricted surplus	(3,027)	3,027	-	-	-
Change in accumulated remeasurement gains	1,700	-	-	-	1,700
Net assets, as at June 30, 2017	\$ 10,326	\$ 20,261	\$ 35,967	\$ 52,740	\$ 119,294

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

Net assets is comprised of:

Accumulated surplus	\$ 944	\$ 20,261	\$ 35,967	\$ 52,740	\$ 109,912
Accumulated remeasurement gains and losses	9,382	-	-	-	9,382
	\$ 10,326	\$ 20,261	\$ 35,967	\$ 52,740	\$ 119,294

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

12. INTERNALLY RESTRICTED SURPLUS

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

Internally restricted surplus with significant balances include:

	2017			
	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	\$ 6,741	\$ 2,325	\$ 2,329	\$ 6,737
Business and retail services project planning	3,654	(600)	-	3,054
Residence	4,527	375	680	4,222
Campus master plan	250	-	250	-
	15,172	2,100	3,259	14,013
Appropriations for operating activities				
Research and special projects	5,973	165	2,054	4,084
Academic strategic development	819	482	67	1,234
University effectiveness and community needs	401	250	32	619
Scholarships and bursaries	311	30	30	311
	7,504	927	2,183	6,248
Total	\$ 22,676	\$ 3,027	\$ 5,442	\$ 20,261

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

	2016			
	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end
Appropriations for capital activities				
Capital renewal	\$ 5,039	\$ 2,985	\$ 1,283	\$ 6,741
Parking and transportation	3,654	-	-	3,654
Residence	3,978	1,500	951	4,527
Campus master plan	344	100	194	250
	13,015	4,585	2,428	15,172
Appropriations for operating activities				
Research and special projects	3,443	3,277	747	5,973
Academic strategic development	873	-	54	819
University effectiveness and community needs	424	-	23	401
Scholarships and bursaries	381	-	70	311
	5,121	3,277	894	7,504
Total	\$ 18,136	\$ 7,862	\$ 3,322	\$ 22,676

13. CONTINGENT LIABILITIES

- a. The University is a defendant in a number of legal proceedings arising in the normal course of business. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Management has concluded that none of the claims meet the criteria for recording a liability.
- b. The University has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the University may be required to take appropriate remediation procedures to remove the asbestos. As the University has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The liability for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

14. 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
2018	\$ 9,740	\$ 16,072	\$ 1,069	\$ 17	\$ 26,898
2019	-	5,965	865	17	6,847
2020	-	5,790	619	-	6,409
2021	-	120	341	-	461
2022	-	55	1	-	56
Thereafter	-	-	-	-	-
	<u>\$ 9,740</u>	<u>\$ 28,002</u>	<u>\$ 2,895</u>	<u>\$ 34</u>	<u>\$ 40,671</u>

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

(2) Service contracts include contractual obligations the University entered into for services such as electricity, natural gas, information technology maintenance agreements, and other service obligations. The University has contracts to manage its exposure to volatility in the electrical and natural gas industries. Based on management's estimates, the annual costs for the utility contracts for the year ending June 30, 2018 are expected to be approximately \$4.8 million.

15. BUDGET FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the University's Comprehensive Institutional Plan as approved by the Board of Governors. Certain budget figures from the University's 2016-2017 Comprehensive Institutional Plan have been reclassified to conform with the presentation adopted in the 2017 consolidated financial statements.

16. EXPENSE BY OBJECT

The following is a summary of expense by object.

	2017		2016	
	Budget (note 15)	Actual	Budget	Actual
Salaries	\$ 134,815	\$ 138,533	\$ 133,333	\$ 133,333
Employee benefits	23,196	23,165	23,098	23,098
Materials, supplies and services	29,079	33,664	31,088	31,088
Cost of goods sold	4,605	4,187	4,707	4,707
Scholarships and bursaries	3,295	3,845	4,136	4,136
Maintenance and repairs	6,608	4,576	6,840	6,840
Utilities	6,710	4,550	5,934	5,934
Amortization of tangible capital assets	17,025	17,331	14,304	14,304
Interest on debt	2,801	2,550	2,684	2,684
	<u>\$ 228,134</u>	<u>\$ 232,401</u>	<u>\$ 226,124</u>	<u>\$ 226,124</u>

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

17. FUNDS HELD ON BEHALF OF OTHERS

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

	2017		2016
Associations and others	\$ 12	\$	12
Recreational clubs	(23)		(15)
	<u>\$ (11)</u>	<u>\$</u>	<u>(3)</u>

18. GOVERNMENT OF ALBERTA 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.

	2017		2016
Grants from Government of Alberta			
Advanced Education:			
Operating	\$ 97,697	\$	95,792
Capital	27,671		23,462
Other	3,640		3,779
Total Advanced Education	<u>\$ 129,008</u>	<u>\$</u>	<u>123,033</u>
Other Post-secondary institutions	\$ 117	\$	64
Other Government of Alberta departments and agencies:			
Culture and Tourism	147		138
Alberta Community and Social Services	448		202
Other	554		390
Total other Government of Alberta departments and agencies	<u>1,149</u>		<u>730</u>
Total contributions received	<u>130,274</u>		<u>123,827</u>
Restricted expended capital recognized as revenue	8,330		5,705
Less: deferred contributions	<u>(25,485)</u>		<u>(20,027)</u>
	<u>\$ 113,119</u>	<u>\$</u>	<u>109,505</u>
Accounts receivable			
Advanced Education	\$ 779	\$	1,712
Other Government of Alberta departments and agencies	32		70
	<u>\$ 811</u>	<u>\$</u>	<u>1,782</u>

The University has liabilities with Alberta Capital Finance Authority as described in note 7.

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

19. SALARY AND EMPLOYEE BENEFITS

	2017			2016	
	Base salary ⁽⁴⁾	Other cash benefits ⁽⁵⁾	Other non cash benefits ⁽⁶⁾⁽⁷⁾	Total	Total
Governance ⁽¹⁾					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	-
Members of the Board of Governors	-	-	-	-	-
Executive					
President	\$ 252	\$ 73	\$ 87	\$ 412	426
Provost and Vice-President Academic ⁽²⁾	238	-	50	288	491
Vice-President Administrative Services	242	14	95	351	354
Vice-President University Advancement ⁽³⁾	215	21	32	268	296
Vice-President Student Affairs and Campus Life ⁽³⁾	215	-	31	246	240

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

(2) In 2017 and 2016, two individuals held this position.

(3) In 2016, two individuals held these positions.

(4) Base salary includes pensionable base pay.

(5) Other cash benefits include housing allowances, car allowances, professional development, and cash travel allowances. No cash bonuses were paid in 2017.

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

(7) 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.

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

	Accrued obligation June 30, 2016	Current service cost	Accrued obligation June 30, 2017
President	\$ 103	\$ 22	\$ 125
Vice-President Administrative Services	96	21	117
	<u>\$ 199</u>	<u>\$ 43</u>	<u>\$ 242</u>

Mount Royal University
Notes to the consolidated financial statements (cont.)
Year ended June 30, 2017 (thousands of dollars)

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, 2016	Current service cost	Accrued obligation June 30, 2017
President	\$ 206	\$ 33	\$ 239
Provost and Vice-President Academic ⁽¹⁾	3	18	21
Vice-President Administrative Services	175	42	217
	<u>\$ 384</u>	<u>\$ 93</u>	<u>\$ 477</u>

(1) In 2017 and 2016, two individuals held this position.

20. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Governors of Mount Royal University on October 30, 2017.

21. COMPARATIVE FIGURES

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



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