



MountAllison
UNIVERSITY

ANNUAL FINANCIAL REPORT

2023-2024

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MESSAGE FROM THE VICE-PRESIDENT, FINANCE & ADMINISTRATION

The following report provides information on the University's operations and finances from 2023-2024 and audited financial statements for April 30, 2024.

In September 2023, Mount Allison welcomed one of its largest incoming classes in the past decade, with students arriving from across the country and around the world.

Mount Allison students have made many notable achievements throughout the academic year. Music student Emma Yee ('24) from Markham, ON received a McCall MacBain Scholarship to pursue a fully funded Master of Music Performance: Opera and Voice at McGill University, while participating in mentorship, coaching, and a leadership development program. Yee was also a recipient of Mount Allison's Bell Achievement Award valued at \$44,000 over four years.

Our faculty continue to be active, working with students through their many research and creative activities. Dr. Claudine Bonner, Dr. Linda Pearse, and Dr. Jill Rourke were appointed as Mount Allison's latest Canada Research Chairs (CRC) — the country's highest research honour. The CRC program is a national research program funded by the federal government. Chairholders aim to achieve research excellence in engineering and the natural sciences, health sciences, humanities, and social sciences.

In the spring and summer of 2024, students had the chance to participate in five international field schools, made possible by the federally funded Global Skills Opportunity (GSO) program. These engaging experiences took place in the Galápagos Islands, Italy, Japan, the Netherlands, and Scotland in a variety of disciplines, including biology, classics, drama, Indigenous studies, psychology, and religious studies.

All this activity was ably supported by the university's staff who ensure one of Canada's most beautiful campuses is well maintained and operations effectively support the University's mission through sound financial management.

The search for Mount Allison's 16th President and Vice-Chancellor concluded and we look forward to welcoming Dr. Ian Sutherland this summer. Dr. Sutherland brings extensive experience from academic leadership roles in Atlantic Canada and internationally.

The President arrives at an exciting time in Mount Allison's history, with a heightened focus on academic programs, increased efforts to support a diverse and inclusive campus community, and planning or completion of major capital projects involving the library, athletic facilities, and student residences.

For more information on the University's finances and operations please visit: <https://mta.ca/about/leadership-and-governance/reports-and-accountability>



Robert Inglis, CPA, CA
Vice-President, Finance and Administration

OVERVIEW



**OVER
500**
FACULTY & STAFF

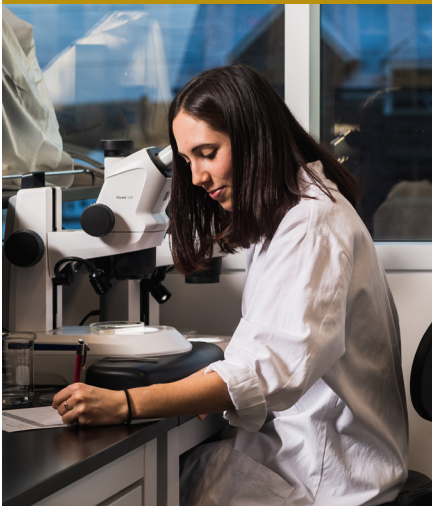
2,300
STUDENTS

\$100,000
ENDOWMENT
PER FTE STUDENT

\$4.3M
IN FINANCIAL AID
& STUDENT COMPENSATION

\$235M
ENDOWMENT

34
EXCHANGE
PROGRAMS
IN 22 COUNTRIES



STUDENTS FROM OVER
85 COUNTRIES

700 STUDENT
EMPLOYEES

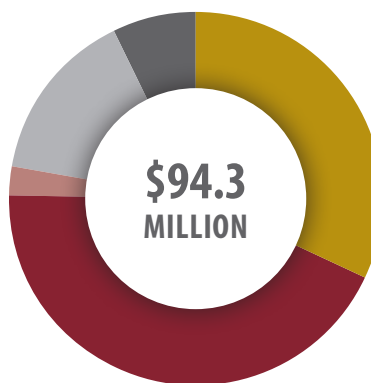
25,000
ALUMNI

FINANCIAL HIGHLIGHTS

ALL FUNDS

TOTAL REVENUE

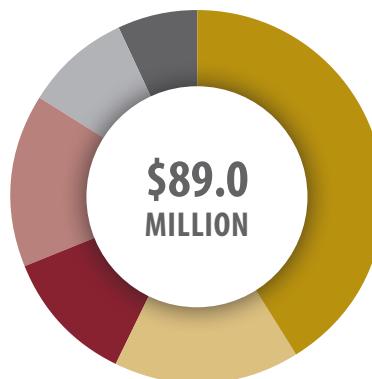
- Total revenue for 2023-24 increased by 10%, reaching \$94.3 million from the previous year's \$85.7 million.
- Growth was driven by a 9% rise in student fees, amounting to \$40.8 million, and a remarkable 56% surge in investment income, totaling \$14 million.
- Recognized revenue from bequests and donations decreased 41% from the previous year to \$2.4 million.



- Government & non-gvt grants
- Student fees
- Bequests and donations
- Investment income
- Other income

TOTAL EXPENSES

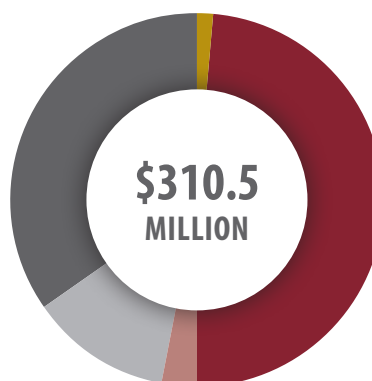
- Total expenses for 2023-24 saw a increase of 4%, rising to \$89.1 million from \$85.5 million the previous year.
- Key areas of expenditure included academic departments and the library, which grew by 3% to \$36.7 million, and student services, which increased by 7% to \$13.5 million.
- Ancillary services experienced the highest growth rate at 21%, reflecting expanded support services for students.



- Academic departments and Library
- Admin, computing and general services
- Physical plant
- Student services
- Ancillary services
- Amortization of capital assets

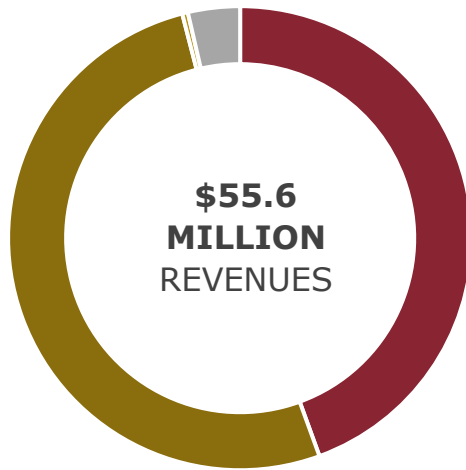
NET ASSETS

- Total assets increased by 10% to \$447.8 million in 2023-24, up from \$405.5 million the previous year.
- Current assets saw a 15% rise to \$14.5 million, while long-term assets grew by 10% to \$433.3 million.
- Despite a 121% increase in current liabilities to \$27.8 million, long-term liabilities rose by only 11% to \$109.5 million.
- The net assets improved by 5%, reaching \$310.5 million.



- Current Assets
- Long-term Assets
- Current Liabilities
- Long-term Liabilities
- Net Assets

OPERATING FUND



- Government grants
- Student fees
- Investment income
- Other income

The General Operating Fund encompasses the core academic, administrative, and operational activities supporting the university's primary teaching and research functions, financed through student fees, government grants, and other sources of revenue.

Revenues

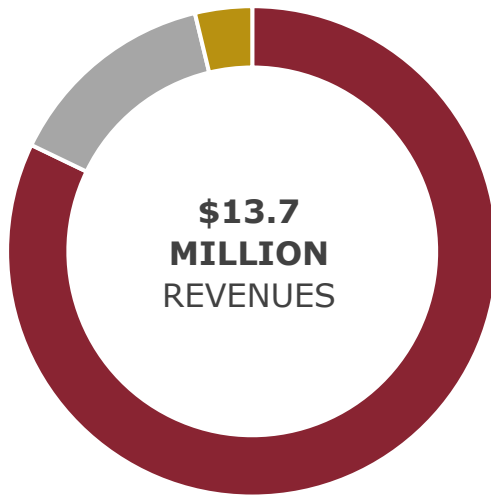
In the 2023-24, General Operating Fund revenue showed a positive trajectory, growing by 6% to reach \$55.6 million. This increase was supported by significant growth in key revenue streams: Government grants rose by 3% to \$24.70 million, Meanwhile, student fees saw a robust 7% increase, climbing to \$28.64 million, driven by both higher enrollment numbers and adjustments in tuition fees. These results highlight the university's resilience amidst a competitive academic landscape.

Expenses

In the latest fiscal year, academic departments experienced a 3% increase in expenditures, reaching \$28.48 million, which constitutes 55% of the total Operating Fund expenses. This investment supports ongoing educational excellence and the program support across the university. Conversely, administrative and general services saw an 11% decrease to \$6.61 million, reflecting streamlined operational management and increased efficiency initiatives. Meanwhile, expenditures for maintaining the campus physical plant increased by 5% to \$6.92 million, ensuring that infrastructure remains robust and well-maintained to support the university's operational needs effectively.

Like other universities, salaries represent the Operating Fund's largest expenses, increasing to \$43.2 millions in 2023-24, comprising 83% of expenses.

ANCILLARY FUND



■ Residences ■ Conferences ■ Bookstore and Pub

Ancillary operations are crucial in providing essential support services to students, including residence, dining, conference, and bookstore services. These operations are designed to offer efficient and affordable services while ensuring all related operating and capital expenditures are covered.

Residence Operation

The residence operation oversees over 300,000 square feet of living space, which includes seven large residences, four smaller residences, and dining facilities. Harper Hall, a 56,000-square-foot, 150-bed residence, was closed for the year due to a significant renovation project. The fully updated residence is scheduled to reopen for students in September 2024.

During the year, Mount Allison's residence system accommodated 898 students, representing 38% of the student population. Revenues from residence operations increased by 14% compared to the previous year, reaching \$13 million in 2023-24.

Conferences Operation

Conferences play a vital role in the University's summer activities. After a period of reduced activity due to COVID-19, the conference operations experienced their busiest season in the past decade. Revenues increased by 64% from the previous year, surpassing \$1 million. Additionally, there was a 9% increase in bed-nights compared to the previous year.

ENROLMENT

STUDENT ENROLMENT

In 2024, 2,346 students enrolled at Mount Allison, the highest level of enrolment of the past decade.

Drawing students from across Canada and around the globe, Mount Allison welcomes learners from 10 provinces, 2 territories, and 85 countries. In the academic year 2023-24, international students comprised 15% of the university's student body, enriching campus diversity and global perspectives.

With a diverse student body hailing from across Canada and around the globe, Mount Allison continues to enrich our community with interdisciplinary learning and global perspectives.

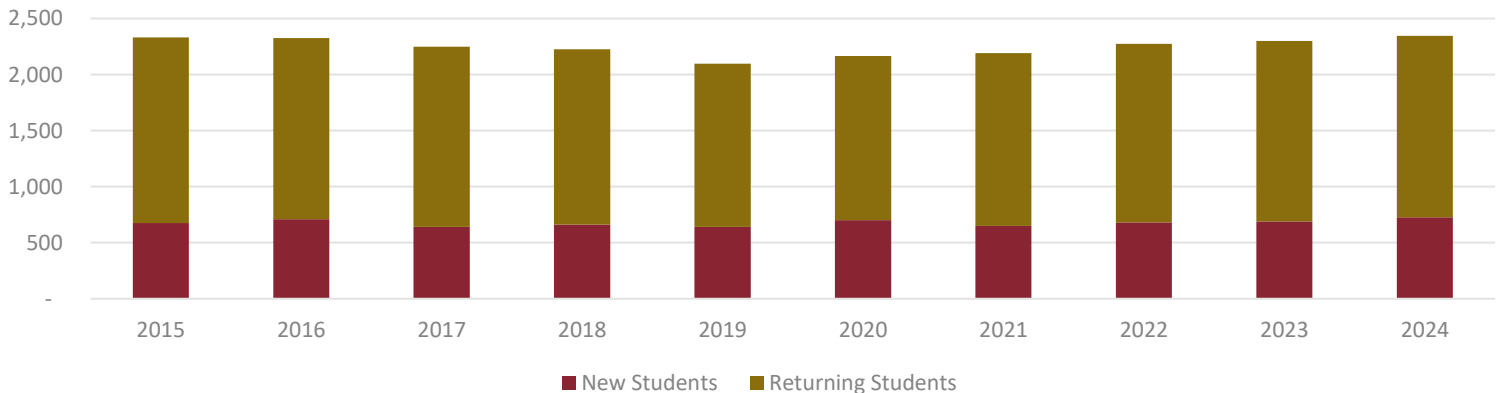
PROGRAMS

As a primarily undergraduate liberal arts institution, the University proudly offers over 50 diverse academic programs, providing students with the flexibility to tailor their educational journey to their unique interests and career aspirations

Program areas include:

- B. Arts
- B. Arts & Science
- B. Commerce
- B. Fine Arts
- B. Music
- B. Science
- Aviation
- M. Science

ENROLMENT



STUDENT EXPERIENCE

ATHLETICS

- Opportunities at all skill levels in various sports
- 50 intramural teams involving nearly 600 students (e.g., soccer, hockey, volleyball)
- Nine club sports: rugby, cross country, lacrosse, field hockey, curling, dance, ultimate frisbee
- Five CCAA teams: badminton, basketball, volleyball
- Five U SPORTS teams: football, hockey, soccer, swimming
- 77 students received academic all-Canadians awards in 2023-24

EXTRACURRICULAR EXPERIENCES

Mount Allison University offers a diverse array of opportunities to enhance student development beyond the classroom. These extracurricular and leadership activities are integral to the academic mission, encompassing intellectual, social, and physical pursuits. They enable students to engage locally and globally, fostering personal growth and community impact.

For instance, through the SMILE program students engage locally with children of varying abilities

Students also participate in vibrant music and theatre productions, gaining hands-on experience in roles from performance to production. These activities enrich both campus life and students' personal growth.



STUDENT EXPERIENCE

Meighen Centre

The Meighen Centre is nationally recognized for its work with students with learning disabilities and accessibility needs and has received several awards and grants for its innovative programs and research. The Centre's mission is to "enhance the academic potential and personal growth of students with disabilities by providing individualized services and accommodations, fostering a culture of accessibility and inclusion, and promoting awareness and understanding of disabilities within and beyond the Mount Allison community."

The Meighen Centre supports over 400 students annually and provides a variety of services and supports to students with learning disabilities and accessibility needs, such as:

- *Tests and exam accommodations*
- *Academic support*
- *Learning strategies assistance*
- *Individual and academic counselling*
- *Limited learning disability assessments*
- *Self-help resource center*
- *Professional training*

Awards

Mount Allison University continues to excel in national rankings, as evidenced by Maclean's University rankings:

- Ranked #1 undergraduate university in Canada
 - Ranked #2 in student and faculty awards
 - Ranked #1 for reputation and library expenses
 - Ranked #2 for scholarships and bursaries, student-to-faculty ratio, and operating budget
- Additionally, the university boasts a distinguished record of producing 56 Rhodes Scholars, one of the best per capita records among Canadian universities.

Experiential Learning

The University offers robust experiential learning opportunities, significantly enhancing the student experience.

In the 2023-24 academic year, 175 students participated in paid internships, including 108 full-time summer internships, facilitated through 92 partnerships with external organizations. Additionally, the university provided 25 experiential learning courses, engaging 521 students in innovative, hands-on learning experiences.

This commitment to experiential learning underscores Mount Allison's dedication to preparing students for successful careers and fostering practical skills alongside academic knowledge.

FINANCIAL AID

SCHOLARSHIPS & BURSARIES

Scholarships and bursaries represent the largest budget item in the endowment fund budget. In the past year, the University allocated over \$4.5 million towards scholarships and bursaries. This investment translates to an average of \$2,046 per full-time equivalent (FTE) student, constituting 20% of tuition fees.

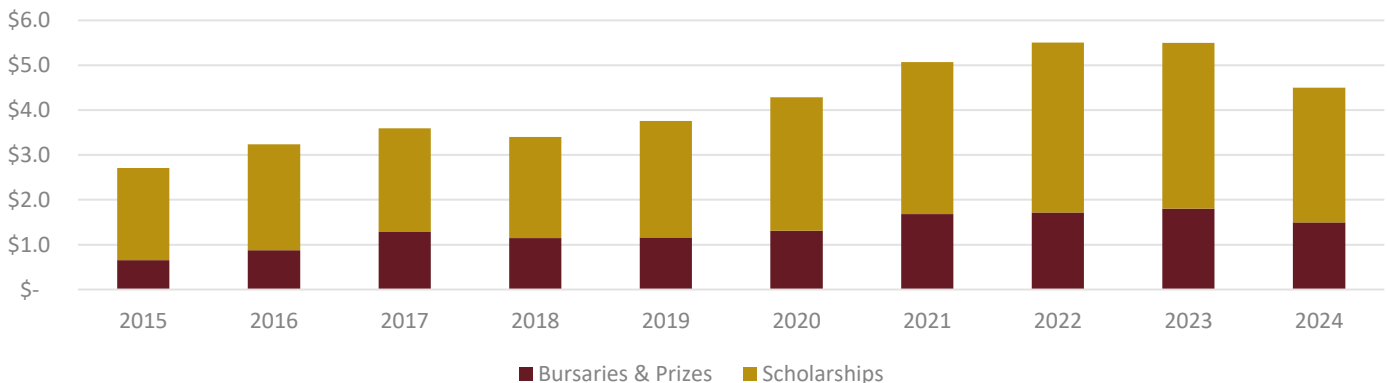
This financial support underscores the University's commitment to making education accessible and affordable for its students.

STUDENT EMPLOYMENT

The University is committed to providing valuable employment opportunities for its students. More than 700 students are employed by various departments on campus as lab assistants, teaching assistants, and tutors. These roles not only offer students the chance to gain practical experience and develop their skills but also provide significant financial support.

In the 2023-24 academic year, student employment across these roles resulted in a total of \$2.8 million in wages. This substantial amount translates to an average of \$1,273 per Full-Time Equivalent (FTE) student, underscoring the university's dedication to supporting its students financially while enhancing their academic and professional development.

SCHOLARSHIPS & BURSARIES



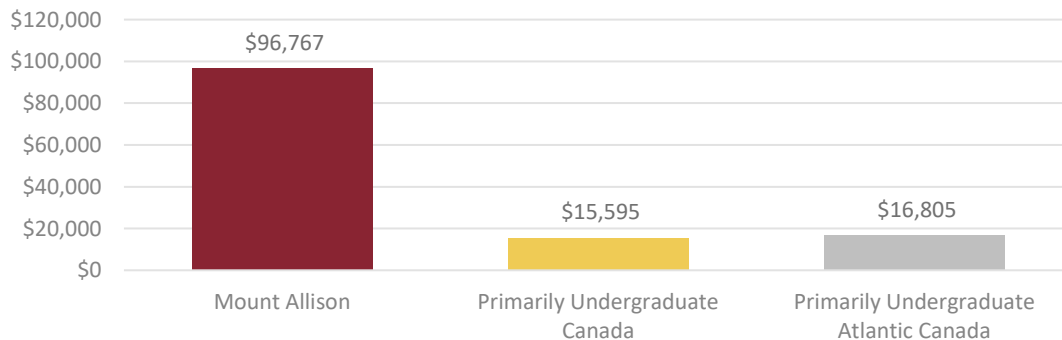
ENDOWMENTS

Mount Allison University boasts the largest endowment per student among non-federated Canadian universities and holds the second-largest endowment per student among all Canadian universities, second only to Victoria University federated with the University of Toronto, with nearly \$100,000 per FTE student as of December 31, 2023. This substantial endowment places Mount Allison well ahead of the average Canadian and Atlantic Canadian primarily undergraduate universities in terms of financial resources.

SUPPORT FROM ENDOWMENTS

The sizeable endowment plays a pivotal role in supporting critical aspects of university life. It provides essential funding for student financial aid, enabling the university to offer scholarships and bursaries that make education accessible to a diverse student body. Additionally, the endowment supports faculty activities, including research initiatives, academic programs, and professional development opportunities, enriching the academic experience and fostering a vibrant learning environment. These contributions are integral to Mount Allison’s commitment to academic excellence and student success.

ENDOWMENT FUNDS PER FT STUDENT
December 31, 2023

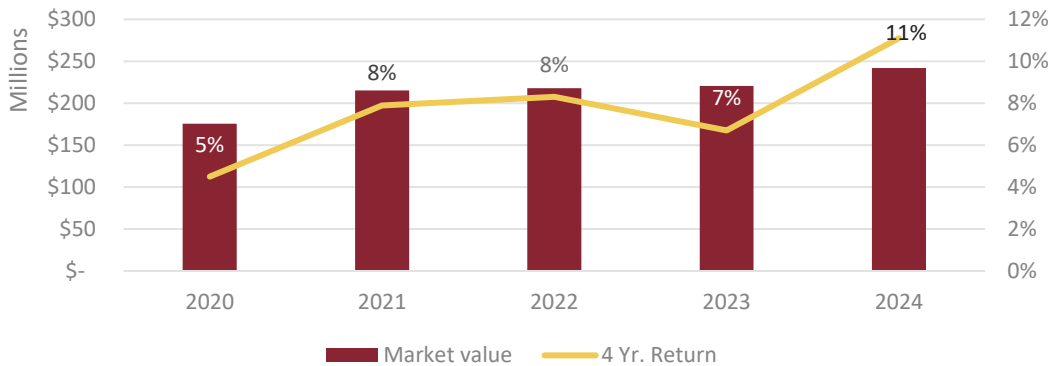


ENDOWMENTS

In alignment with practices at most North American universities, Mount Allison invests endowed funds across a diverse array of asset classes. This approach aims to achieve a long-term rate of return that ensures future students and faculty benefit equally to those currently enrolled. The endowment funds are strategically diversified, including investments in domestic and foreign securities, bonds, fixed income securities, and other strategic assets.

New endowment donations totaling \$4.7 million were received, directly enhancing the endowment funds. These contributions are vital in supporting current and future generations of students and faculty.

ENDOWMENT MARKET VALUE AND RETURNS
as of March 31



To preserve the endowment fund’s capital, the annual spending allocation is limited to the lesser of either five percent of the market value of endowment investments at the end of the prior year or five percent of the average market value over the previous sixteen quarters. This amount, net of administration charges, investment management fees, and custodial expenses, is allocated on a pro-rata basis to cover the spending needs of each endowment fund.

The support from endowed funds through spending allocations has increased annually, enabling the University to invest more in its academic mission, including financial aid. However, recent reviews by external consultants have indicated an increased risk in maintaining the current five percent spending allocation. To mitigate this risk, adjustments will be made to the target asset allocations.

RESEARCH

RESEARCH GRANTS AND CONTRACTS

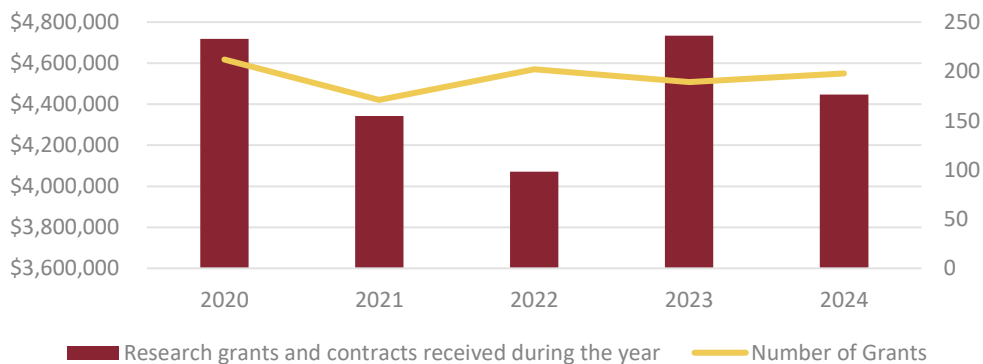
Research revenue is recognized as income in the year when related expenditures occur, with unspent funds and expenditures on capital equipment and infrastructure recorded as deferred contributions.

The university secures research grants and contract funding from diverse sources to support a wide range of projects. In the 2023-24 fiscal year, Mount Allison received a total of 198 research grants amounting to \$4.5 million to support a wide range of research. This funding not only facilitates cutting-edge research but also provides valuable opportunities for students to collaborate with faculty on various research endeavours, enhancing their academic and professional development.

RESEARCH GRANTS

- Almost 200 research grants
- NSERC provides the largest source of funding by dollars for science-related research
- The University provides over \$500,000 to support faculty members and instructors with professional development grants
- Research funding supported almost \$400,000 in student fellowships this past year and over \$2.4 million over the past 5 years

RESEARCH GRANTS AND CONTRACTS RECEIVED DURING THE YEAR



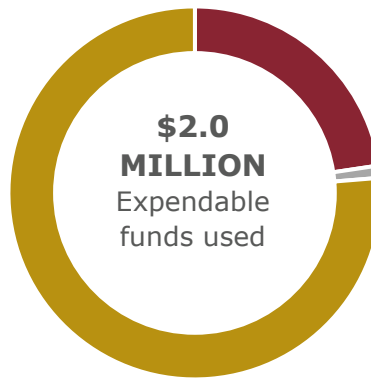
SPECIAL PURPOSE FUNDS

The Special Purpose Fund accounts for the expenditure of externally restricted contributions that are not related to research or endowment purposes, as well as internally restricted funds appropriated from operating funds for special projects. Unspent externally restricted funds are recorded as deferred contributions, while the Special Purpose Fund balance represents unspent internally restricted funds.

Expendable funds

Expendable restricted donations received during the year are recognized in the Special Purpose Fund. These donations are designated for specific purposes by the donor and are typically used within a short or defined period. In line with Mount Allison's deferral method for revenue recognition, these donations are deferred and recognized as revenue in the year they are spent. During the year, expendable funds totaling \$13.2 million were received. These funds support various areas of the university, including student services, academic departments, the library, and administrative and general services to preparing students for successful careers and fostering practical skills alongside academic knowledge.

EXPENDABLE FUNDS – AREAS OF SUPPORT



- Academic Departments & Library
- Admin and general services
- Student services

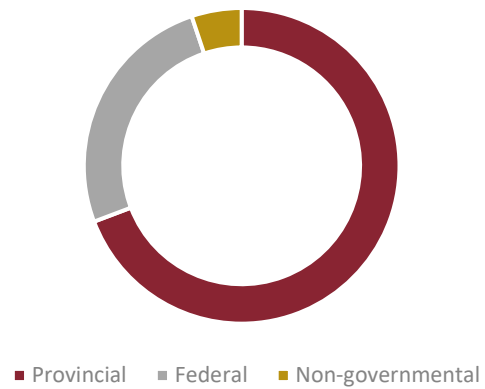
SPECIAL PURPOSE FUNDS

Restricted government grants and other contacts

In the same year, the university received 48 provincial, federal, and non-government grants totaling \$2.5 million.

These grants play a vital role in supporting a wide range of university activities and programs. They provide essential funding for student services, enabling the university to enhance its support structures, including counseling, health services, career development, and extracurricular activities. Additionally, these grants contribute to the advancement of academic programs by funding curriculum development, faculty research, and the acquisition of specialized equipment and resources. The financial support from these grants ensures that Mount Allison can continue to offer high-quality education and maintain its commitment to academic excellence and student success.

GRANTS RECEIVED



GRANTS – AREAS OF SUPPORT



CAPITAL PROJECTS

Mount Allison unveiled the concept design to the university community in January 2024, marking the first renovation to the building in over 60 years. Construction is scheduled to begin in Summer 2027.

R.P. BELL LIBRARY Centre for Innovation and Learning

The newly renovated R.P. Bell Library Centre for Innovation and Learning (RPBCIL) will be a facility for teaching, learning, and research services. It will house library staff, collections, resources, academic support for students, and teaching and learning support for faculty, along with versatile spaces designed for various study and learning activities.



CAPITAL PROJECTS

COLLECTION

During the R.P. Bell Library renovation, the main browsing collection and some special collections will be moved to the interim library. Requestable collections for research and teaching will be relocated to a permanent on-campus shelving facility in the lower level of Convocation Hall. The archives will continue to operate on an appointment basis as they do currently.

INTERIM LIBRARY/ MULTI-SPORT COMPLEX

An interim library will be constructed on campus to ensure students and faculty continue to have access to comprehensive library services during the R.P. Bell Library renovation. Once the renovation is complete, this facility will be repurposed as a Multi-Sport Complex.

With further details to be provided as plans are finalized.





Consolidated Financial Statements

Mount Allison University

April 30, 2024



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STATEMENT OF MANAGEMENT RESPONSIBILITY

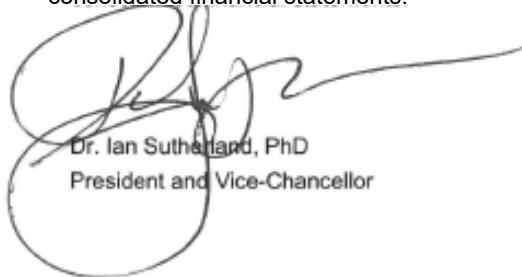
The administration of the University is responsible for the preparation of the consolidated financial statements and the notes to the consolidated financial statements.

The administration has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Chartered Professional Accountants of Canada. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. The administration believes that the consolidated financial statements present fairly the University's financial position as at April 30, 2024 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that University 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 Regents is responsible for ensuring that administration fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out its responsibility for review of the consolidated financial statements principally through the Audit Committee. All of the members of the Audit Committee are independent, i.e., not officers or employees of the University. The Audit Committee meets regularly with administration and with the external auditors to discuss the planning and results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee with and without the presence of administration.

The consolidated financial statements for the year ended April 30, 2024 have been reported on by Grant Thornton, LLP, Chartered Professional Accountants, the independent auditors appointed by the Board of Regents. The independent auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.



Dr. Ian Sutherland, PhD
President and Vice-Chancellor



Robert Inglis, CPA, CA
Vice-President, Finance and Administration

Independent auditor's report

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To the Board of Regents of
Mount Allison University

Opinion

We have audited the consolidated financial statements of Mount Allison University (the "University") which comprise the consolidated statement of financial position as at April 30, 2024, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of Mount Allison University as at April 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Mount Allison University taken as a whole. The supplementary information included in the schedules is presented for purposes of additional detail and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the consolidated financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

Grant Thornton LLP

Halifax, Canada
August 15, 2024

Chartered Professional Accountants

Mount Allison University

Consolidated statement of financial position

As at April 30

2024

2023

Assets

Current

Cash and cash equivalents	\$ 65,279	\$ 3,796,635
Accounts receivable (note 3)	3,992,876	3,043,492
Prepaid expenses and inventory	2,108,949	2,086,469
Short-term investments (note 4)	<u>8,298,834</u>	<u>3,670,331</u>
	<u>14,465,938</u>	<u>12,596,927</u>

Long term

Investments (note 4)	267,049,450	243,283,694
Capital assets (note 5)	156,669,203	138,315,841
Employee future benefit asset (note 7)	<u>9,621,035</u>	<u>11,295,298</u>
	<u>433,339,688</u>	<u>392,894,833</u>
	<u>\$ 447,805,626</u>	<u>\$ 405,491,760</u>

Liabilities

Current

Bank indebtedness (note 8)	\$ 15,285,000	\$ -
Accounts payable and accrued liabilities (note 9)	10,002,479	10,580,337
Deferred income	<u>2,496,832</u>	<u>1,988,378</u>
	<u>27,784,311</u>	<u>12,568,715</u>

Long term

Employee future benefit obligation (note 7)	<u>2,068,038</u>	<u>2,018,304</u>
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Deferred contributions

Related to capital assets (note 10)	58,794,972	58,884,616
Related to restricted and endowed funds (note 11)	<u>48,635,297</u>	<u>37,330,118</u>
	<u>107,430,269</u>	<u>96,214,734</u>

	<u>137,282,618</u>	<u>110,801,753</u>
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Net assets (deficit)

Restricted for endowment purposes (note 12)	235,698,888	220,585,157
Invested in capital assets	59,948,785	58,403,390
Restricted for employee future benefit obligation	9,038,133	10,832,343
Internally restricted (note 13)	8,009,937	6,776,309
Unrestricted	<u>(2,172,735)</u>	<u>(1,907,192)</u>
	<u>310,523,008</u>	<u>294,690,007</u>
	<u>\$ 447,805,626</u>	<u>\$ 405,491,760</u>

Commitments (note 15)

Contingent liabilities (note 16)

See accompanying notes to the consolidated financial statements.

Mount Allison University

Consolidated statement of operations

Year ended April 30

2024

2023

Revenues

Government grants - provincial	\$ 26,158,923	\$ 24,481,205
Government grants - federal	3,772,671	3,873,698
Student fees – tuition and other	28,644,928	26,767,445
Student fees – ancillary	12,179,900	10,781,083
Bequests and donations	2,403,073	4,046,285
Non-government grants and contracts	425,879	662,348
Bookstore and conference income	2,104,574	1,640,072
Investment income (note 4)	14,009,210	8,985,986
Other income	1,816,546	1,578,366
Amortization of deferred capital contributions (note 10)	<u>2,817,296</u>	<u>2,874,339</u>
	94,333,000	85,690,827

Expenses

Academic departments	33,357,974	32,199,559
Library	3,323,557	3,263,729
Computing services	2,782,942	2,611,507
Administrative and general services	11,575,429	12,147,092
Physical plant	10,337,167	9,991,711
Student services	13,492,678	12,621,222
Ancillary services	7,043,788	6,359,525
Amortization of capital assets	<u>6,041,018</u>	<u>5,841,995</u>
	87,954,553	85,036,340

Revenues over expenses 6,378,447 654,487

Use of contingency fund	-	523,883
Invested in capital assets	(1,545,395)	(1,676,419)
Committed to internally restricted endowments	(3,348,772)	(22,512)
Committed to future pension benefits	(516,195)	(429,722)
Committed to internally restricted net assets	<u>(1,233,628)</u>	<u>(578,084)</u>
	(6,643,990)	(2,182,854)

Increase in unrestricted net deficit \$ (265,543) \$ (1,528,367)

See accompanying notes to the consolidated financial statements.

Mount Allison University

Consolidated statement of changes in net assets

Year ended April 30

	General, Ancillary and Special Program Operating Funds	Research, Special Purpose and Endowment Expendable Funds	Net Assets Invested in Capital Assets	Net Assets Restricted for Endowment Purposes	Total 2024	Total 2023
Net assets, beginning of year	\$ 8,925,151	\$ 6,776,309	\$ 58,403,390	\$ 220,585,157	\$ 294,690,007	\$ 287,579,085
Revenues over expenses (expenses over revenues)	9,558,422	43,747	(3,223,722)	-	6,378,447	654,487
Endowed donations	-	-	-	4,440,006	4,440,006	4,703,209
Excess (deficiency) of investment earnings over endowment spending on externally restricted endowments	-	-	-	7,324,953	7,324,953	(2,180,540)
Employee future benefit remeasurements	(2,310,405)	-	-	-	(2,310,405)	3,933,766
	<u>7,248,017</u>	<u>43,747</u>	<u>(3,223,722)</u>	<u>11,764,959</u>	<u>15,833,001</u>	<u>7,110,922</u>
Transfers (from) to other funds						
Arising from policy or approved as part of the budget	1,822,343	(2,057,338)	-	234,995	-	-
(Deficiency) excess of investment earnings over endowment spending on internally restricted endowments	(6,088,857)	2,975,080	-	3,113,777	-	-
Contract research overhead support and research grants	(105,296)	105,296	-	-	-	-
Donations and fundraising	(193,670)	193,670	-	-	-	-
Capitalized buildings and equipment	(4,742,290)	(26,827)	4,769,117	-	-	-
Transfers (from) to other funds	<u>(9,307,770)</u>	<u>1,189,881</u>	<u>4,769,117</u>	<u>3,348,772</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(2,059,753)</u>	<u>1,233,628</u>	<u>1,545,395</u>	<u>15,113,731</u>	<u>15,833,001</u>	<u>7,110,922</u>
Net assets, end of year	<u>\$ 6,865,398</u>	<u>\$ 8,009,937</u>	<u>\$ 59,948,785</u>	<u>\$ 235,698,888</u>	<u>\$ 310,523,008</u>	<u>\$ 294,690,007</u>
Components of net assets (deficit)						
Restricted for endowment purposes	\$ -	\$ -	\$ -	\$ 235,698,888	\$ 235,698,888	\$ 220,585,157
Invested in capital assets	-	-	59,948,785	-	59,948,785	58,403,390
Restricted for employee future benefit obligation	9,038,133	-	-	-	9,038,133	10,832,343
Internally restricted	-	8,009,937	-	-	8,009,937	6,776,309
Unrestricted	(2,172,735)	-	-	-	(2,172,735)	(1,907,192)
	<u>\$ 6,865,398</u>	<u>\$ 8,009,937</u>	<u>\$ 59,948,785</u>	<u>\$ 235,698,888</u>	<u>\$ 310,523,008</u>	<u>\$ 294,690,007</u>

See accompanying notes to the consolidated financial statements.

Mount Allison University

Consolidated statement of cash flows

Year ended April 30

2024

2023

Operating

Revenues over expenses	\$ 6,378,447	\$ 654,487
Amortization of deferred capital contributions	(2,817,296)	(2,874,339)
Unrealized (gain) loss on investments	(14,582,741)	24,691,776
Amortization of capital assets	6,041,018	5,841,995
Change in employee future benefit obligation	(586,408)	(331,688)
Change in non-cash operating working capital	<u>(1,041,268)</u>	<u>(1,036,067)</u>
	(6,608,248)	26,946,164

Contributions related to research and operations deferred (earned) during the year	<u>28,441</u>	<u>(216,277)</u>
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Net cash (used) provided by operating activities (6,579,807) 26,729,887

Financing

Proceeds from lines of credit	15,285,000	-
Contributions related to special purpose funds and endowment expendable funds deferred during the year	11,276,737	16,010,619
Contributions related to capital assets deferred during the year	2,727,652	718,615
Endowed restricted donations	<u>4,440,006</u>	<u>4,703,209</u>

Net cash provided by financing activities 33,729,395 21,432,443

Investing

Purchase of capital assets net of proceeds on disposals	(24,394,380)	(11,940,333)
Earnings (deficiency) of investment earnings over endowment spending on externally restricted endowments	7,324,953	(2,180,540)
Purchase of investments net of proceeds on disposals	<u>(13,811,517)</u>	<u>(42,376,515)</u>

Net cash used in investing activities (30,880,944) (56,497,387)

Net decrease in cash (3,731,356) (8,335,057)

Cash and cash equivalents, beginning of year 3,796,635 12,131,692

Net cash and cash equivalents, end of year \$ 65,279 \$ 3,796,635

See accompanying notes to the consolidated financial statements.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

1. Purpose of the organization

Mount Allison University (the “University”) operates under the authority of the *Mount Allison University Act*, 1993, a special act of the Legislative Assembly of the Province of New Brunswick. The University is dedicated to providing a rigorous liberal education of high quality primarily to undergraduate students in a co-educational, intimate, residential environment. The University is a charitable organization and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

2. Significant accounting policies

Basis of accounting

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook (the “Handbook”).

Use of estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual amounts could differ from those estimates. The areas that are most subject to estimation and judgment include the amortization periods for capital assets, the actuarial assumptions used to estimate employee future benefit obligation and the fair value measurement of investments.

Fund accounting

University accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of University resources by maintaining separate accounts for each fund. Contributions that have limitations placed on their use by parties external to the University are classified as restricted funds.

The following provides a brief description of each fund group:

The General Operating Fund includes academic, administrative, and other operating activities within the primary teaching and research functions of the University which are funded by student fees, government grants and other revenue.

The Ancillary Operating Fund accounts for the provision of services of a revenue producing nature which are outside the primary University function of teaching and research. These include bookstore, residence, dining, University merchandise sales, and conference services. Expenses reported in ancillary operations include direct costs as well as an apportionment of administrative and overhead costs of the University.

The Special Program Operating Fund includes the Meighen Centre, the Purdy Crawford Teaching Centre and the University Advancement department. Unrestricted donations and the income on internally restricted and unrestricted endowments are also recorded here as revenue and then appropriated for special purposes.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

2. Significant accounting policies (continued)

Fund accounting (continued)

The Endowment Principal Fund reflects the total resources which have been endowed, either by terms imposed by the benefactor or by the University and includes investment returns that have been capitalized in accordance with the University's spending allocation policy.

The Endowment Expendable Fund includes investment returns on the endowment principal that have been spent on restricted purposes. It also includes capitalized investment returns on internally restricted and unrestricted endowments which is reported as revenue in the Special Program Operating Fund and then transferred to the Endowment Expendable Fund. The unexpended portion of the prior year's spending allocation from externally restricted funds is recorded as either a deferred contribution and available for spending in future years or is transferred to the endowment principal. The Endowment Expendable Fund balance is comprised of the unexpended portion of internally restricted funds.

The Research Fund accounts for the expenditure of externally restricted contributions which have been received by the University from organizations or granting agencies and spent on research projects. It also accounts for funds appropriated from operating funds for research purposes. Unspent externally restricted contributions are recorded as deferred contributions on the consolidated statement of financial position. The Research Fund balance represents unspent internally restricted funds.

The Special Purpose Fund accounts for the expenditure of externally restricted contributions not related to research or endowment purposes. It also accounts for internally restricted funds appropriated from operating funds for special purposes. Unspent externally restricted funds are recorded as deferred contributions. The Special Purpose Fund balance represents unspent internally restricted funds.

The Capital Asset Fund accounts for the amortization of capital assets and the amortization of any externally restricted contributions received to fund those assets. The fund balance consists of unamortized capital assets which were financed with general operating or ancillary operating funds.

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue of the Special Program Operating Fund when received or receivable if the receivable amount can be reasonably estimated and collection is reasonably assured.

Externally restricted endowment contributions and the portion of investment returns earned on externally restricted endowments are recognized as direct increases in net assets in the Endowment Principal Fund.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

2. Significant accounting policies (continued)

Revenue recognition (continued)

Contributions which are externally restricted but are not endowed are recognized as revenue of the appropriate restricted fund as it is earned. Unspent balances are recorded as deferred contributions on the consolidated statement of financial position and recognized as revenue in the year in which the related expenses are recognized.

Contributions of materials and services are not recorded.

Contributions of cash or cash equivalents restricted for capital assets are deferred and amortized on the same basis as the related capital asset costs.

Student fees are recognized as revenue as courses are held. Sales and service revenue are recognized at point of sale or when the service has been provided. Amounts received in advance are recorded as deferred income.

Pledges are recorded as revenue in the period in which they are received.

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and investments with maturities of less than three months that are considered highly liquid. Cash and cash equivalents are stated at cost, which together with accrued interest income approximates fair value given the short-term nature.

Inventory

Inventories are valued at the lower of cost and net realizable value.

Capital assets

Land is stated at the nominal value of one dollar.

Collections are defined as works of art and historical treasures which are held for public exhibition, education, or research. The University maintains five major library collections as well as the Owens Art Gallery Permanent Collection. These collections are stated at the nominal value of one dollar.

Buildings, land improvements, and equipment are stated at their appraised values as at April 30, 1992, with all subsequent additions and betterments recorded at cost.

Amortization is provided on a straight-line basis. Useful lives are estimated at 5 years for equipment and major software, 20 years for certain major equipment, 40 years for buildings, and 20-40 years for land improvements. Amortization of the capitalized costs of constructed assets begins when the asset is available for use.

Library books, which are held for circulation, are not capitalized but are recorded as an expense in the year in which they are purchased.

Management reviews estimates of the useful lives of capital assets and adjusts the estimates as required. Management regularly reviews assets for indicators of impairment and records any impairment charges when the carrying amount exceeds the recoverable amount.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

2. Significant accounting policies (continued)

Appropriations from ancillary fund operation to capital projects

Any excess of revenues over expenditures in the residence and conference operations is appropriated for capital projects related to the residence operation.

Endowment income and spending allocation

University policy limits the spending allocation and fees on endowments to the lower of 5.0% of the market value at the end of the previous fiscal year and the average market value of the sixteen quarters in the previous four fiscal years. At the end of each year, the portion allocated for spending is recorded as deferred contributions and recognized as revenue in the Endowment Expendable Fund as it is spent. The remaining investment returns are recognized as a direct increase in net assets in the Endowment Principal Fund. In years when the investment returns are less than the spending allocation and fees, or when there is a realized loss, the difference is recorded as a decrease in net assets in the Endowment Principal Fund.

Investment returns, positive or negative, earned on internally restricted or unrestricted endowments is reported as revenue (loss) in the Special Program Operating Fund and transferred to the Endowment Expendable Fund or the Endowment Principal Fund.

Financial instruments

The University considers any contract creating a financial asset, liability or equity instrument a financial instrument, except in limited circumstances. The University's financial instruments consist of the following:

- Accounts receivable
- Investments
- Accounts payable
- Bank indebtedness

The University initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The University subsequently measures all of its financial assets and financial liabilities at amortized cost except investments in equity instruments which are described below.

The University removes financial liabilities, or any portion thereof, when the obligation is discharged, cancelled or expires. Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement providing the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the consolidated statement of operations.

The carrying values of accounts receivable, accounts payable and bank indebtedness approximate their fair market values due to the relatively short periods to maturity of the instruments.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

Investments are accounted for at fair value except for certain non-endowed long term bonds and guaranteed investment certificates which are held to maturity and recorded on a cost basis with any premium or discount amortized on the effective interest basis.

Fair value is defined as estimates of the consideration that would be agreed upon between knowledgeable, willing parties who are under no obligation to act. Publicly traded securities are valued at quoted market values in an actively traded market. Private infrastructure investments, which comprise of shares or units in an externally managed pooled investment vehicle (such as a limited partnership) with underlying investments in private infrastructure assets are valued based on the latest valuation provided by the external investment manager of the fund, adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private infrastructure investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment returns, positive or negative, which consist of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, are recorded as investment income (loss) or endowment contributions (drawdowns) in the consolidated statements of operations and changes in net assets.

Foreign currency

Long term investments denominated in foreign currency are translated at exchange rates as of the date of the consolidated statement of financial position. Transactions denominated in foreign currencies are translated at the exchange rate in effect on the transaction date. Exchange gains and losses are accounted for in investment gains and losses.

Employee benefit plans

The defined benefit pension plan obligation and service cost are recorded based on the Plan's going concern obligation and current service cost as calculated in the most recent funding valuation and extrapolated to the fiscal year end date.

A valuation allowance will be charged against the defined benefit asset for any excess of the defined benefit asset over the expected future benefit the University expects to realize from a plan surplus. The University determines the expected future benefit as the present value of expected future employer current service costs for the current number of active employees.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

2. Significant accounting policies (continued)

Employee benefit plans (continued)

Remeasurements and other items are recognized directly in net assets in the consolidated statement of changes in net assets.

The University records pension expenses in its consolidated financial statements in accordance with applicable accounting standards. However, it budgets for pension contributions as determined by the University's actuaries in accordance with the New Brunswick Pension Benefits Act and the University's funding policy. Since pension contributions and pension cost or expenses differ under these two methods, in the case of the University's defined benefit pension plan, the difference is recorded as an internally restricted net asset (deficit).

Controlled entities

The University controls the activities of Conferences Mount Allison Inc., Mount Allison University Foundation, and The Friends of Mount Allison University, Inc. through representation on their respective boards. The University owns 100% of the shares of Conferences Mount Allison Inc., a corporation established to attract additional conference contract revenue. The Friends of Mount Allison University, Inc. is a United States incorporated, income tax exempt organization used to facilitate fundraising from United States residents. The results of operations and net assets of these entities have been consolidated in these financial statements.

3. Accounts receivable	<u>2024</u>	<u>2023</u>
Student fees	\$ 864,325	\$ 724,782
Federal and provincial governments	2,939,785	2,024,248
Other	458,766	459,462
Allowance for doubtful accounts	<u>(270,000)</u>	<u>(165,000)</u>
	<u>\$ 3,992,876</u>	<u>\$ 3,043,492</u>

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

4. Investments	<u>2024</u>	<u>2023</u>
Investments (carried at amortized cost)		
Bonds and guaranteed investment certificates	<u>\$ 28,866,206</u>	<u>\$ 16,846,479</u>
Investments (carried at fair value)		
Bonds and notes	13,238,752	31,021,727
Canadian equities	30,429,680	28,318,173
Other equities	129,039,504	130,160,934
Hedge funds	31,626,284	28,495,500
Private infrastructure funds	14,917,227	12,111,212
Private real estate	19,976,703	-
Private equity	<u>7,253,928</u>	-
	<u>246,482,078</u>	<u>230,107,546</u>
Investments – Total	<u>\$ 275,348,284</u>	<u>\$ 246,954,025</u>
Investments – short-term	8,298,834	3,670,331
Investments – long-term	<u>267,049,450</u>	<u>243,283,694</u>
	<u>\$ 275,348,284</u>	<u>\$ 246,954,025</u>

Bonds and notes includes investments in a Canadian passive bond fund, notes issued by Provincial Governments, and Canadian corporate bonds with an interest rate of 4.93% (2023 – range from 4.93% to 8.00%) with a maturity of July 2025 (2023 – July 2025). Guaranteed investment certificates earn interest at rates of 4.10% to 5.10% (2023 – 4.10% to 4.80%) and mature between July 2024 and September 2028 (2023 – April 2024 and April 2028). Amounts that can be liquidated at any time are included as short-term investments in the Statement of Financial Position.

Equity investments consist of investments in units of active and passive, single and multi-manager pooled funds.

Hedge fund investments consist of units of pooled investment funds that invest primarily in cash or short-term investments denominated in various currencies and which may purchase or sell exchange traded funds or options thereon or may enter into various futures and forward contracts to gain the desired exposures to various asset classes including equities, government bonds, commodities and currencies.

Private fund investments consist of units of pooled investment funds that invest primarily in private infrastructure, real estate and equity assets.

In 2024, the University's investment income of \$14,009,210 (2023 – \$8,985,986) recorded in the consolidated statement of operations consists of income related to investments held for endowments of \$13,330,350 (2023 – \$8,577,989) and income of \$678,860 (2023 – \$407,997) on investments other than those held for endowments.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

5. Capital assets	Cost	Accumulated Amortization	Net Book	Net Book
			Value 2024	Value 2023
Buildings	\$ 252,831,539	\$ 136,697,405	\$ 116,134,134	\$ 112,585,177
Construction in progress	30,512,500	-	30,512,500	15,009,857
Land improvements	19,345,235	12,199,076	7,146,159	7,645,202
Equipment	28,586,697	25,710,289	2,876,408	3,075,603
Land	1	-	1	1
Collections (note 6)	1	-	1	1
	<u>\$ 331,275,973</u>	<u>\$ 174,606,770</u>	<u>\$ 156,669,203</u>	<u>\$ 138,315,841</u>

Details of the internally financed capital projects which have various recovery terms and periods are as follows:

Project	Funding source	Balance 2024	Balance 2023
Research building	future general operations	\$ 1,267,245	\$ 2,307,526
Equipment and other	future general operations	5,388,801	5,204,583
Residence buildings	future ancillary operations	19,189,400	13,515,726
		<u>\$ 25,845,446</u>	<u>\$ 21,027,835</u>

Interfund loans between the General Operating Fund and the Ancillary Operating Fund are charged interest at the rate earned on the University's expendable funds or the rate paid on external indebtedness, if applicable. The interest income and related expense are eliminated in the consolidated financial statements.

6. Collections

The University maintains five permanent library collections as well as the Owens Art Gallery Permanent Collection.

Library permanent collections

The five library permanent collections are the Mary Mellish Archibald Memorial (MMAM) Collection, the Winthrop Pickard Bell (WPB) Collection of Acadiana, the Edgar and Dorothy Davidson Collection of Canadiana, the Government Documents Collection, and the Mount Allison Rare Book Collection. Additions are made to the first two collections each year from the income earned on endowments established for that purpose. The additions in 2024 on the MMAM and WPB collections were \$2,263 (2023 – \$1,687) and \$5,515 (2023 – \$5,592) respectively. The Government of Canada donates a large quantity of documents to the Government Documents Collection each year and, in addition, the University spent \$7,099 (2023 – \$4,200) for additions to this collection in 2024.

Owens Art Gallery permanent collection

The University art gallery ("Owens Art Gallery") has a permanent collection consisting of approximately 4,000 works, including historical and contemporary Canadian, Indigenous, American, and European art. The historical component of the Collection consists of approximately 300 18th- and 19th- century paintings, watercolors, prints and plaster casts (also known as the Original Collection), works related to the Mount Allison Ladies' College and the history of Fine Arts at Mount Allison, art from the Atlantic provinces, and Canadian and American prints from the modern period. The contemporary collection consists of Canadian

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

6. Collections (continued)

and Indigenous art in a wide range of media, including but not limited to painting, printmaking, installation, video, textiles, sculpture, drawing, and porcupine quillwork. For the year ended April 30, 2024, donated artwork was valued at approximately \$490 (2023 - \$1,600) and \$46,000 (2023 - \$24,250) in purchased acquisitions was added to the permanent collection.

7. Employee future benefit obligation

The University has a defined benefit pension plan, a defined contribution pension plan and other post-retirement obligations.

The defined benefit plan covers most persons employed in a non-academic capacity. The plan is based on the final average earnings of members, allows for early retirement after age 55 and postponed retirement up to age 69. The pension payments are not indexed. The defined contribution plan covers primarily persons employed in an academic capacity. The University makes contributions of 8.4% (8.25% from March 1, 2017 to February 28, 2018 and 8.0% prior to March 1, 2017) of the plan members' salaries to this plan.

The University provides a retiring allowance program that provides a lump sum benefit to qualifying individuals at their date of termination or retirement. The program is available to employees in the CUPE 2338 and CUPE 3433 bargaining units and certain grandfathered non-bargaining unit and non-academic employees. The lump sum benefit paid at termination or retirement is equal to five days of pay for each year of service and is payable only if the participant has completed a minimum of ten years of employment at the date of termination of employment.

The most recent actuarial valuation for funding purposes of the defined benefit pension plan was as of December 31, 2022. The next actuarial valuation for funding purposes must be as of a date no later than December 31, 2025. The Plan's actuary has extrapolated the results of the December 31, 2022 actuarial valuation of the Plan for funding purposes to April 30, 2024 as follows:

	<u>Pension Benefit Plans</u>		<u>Retirement Allowance Plan</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Fair value of plan assets	\$ 54,562,866	\$ 53,864,455	\$ -	\$ -
Defined benefit obligation	<u>(44,941,831)</u>	<u>(42,569,157)</u>	<u>(2,068,038)</u>	<u>(2,018,304)</u>
Accrued benefit asset (liability)	<u>\$ 9,621,035</u>	<u>\$ 11,295,298</u>	<u>\$ (2,068,038)</u>	<u>\$ (2,018,304)</u>

The University recorded a remeasurement loss of \$2,434,786 (2023 – gain of \$4,161,599) in the pension benefit plan and a remeasurement gain of \$124,381 (2023 – loss of \$227,833) in the retirement allowance plan. Remeasurements and other items were recorded directly in the consolidated statement of changes in net assets.

Total cash payment for employee future benefits for 2024, consisting of cash contributed by the University to its defined benefit, defined contribution and retirement allowance plan was \$2,412,571 (2023 – \$2,714,860).

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

7. Employee future benefit obligation (continued)

The significant actuarial assumptions adopted in measuring the employee future benefits are as follows:

	<u>2024</u>	<u>2023</u>
Pension plan		
Rate of compensation increase	3.00%	3.00%
Discount rate	6.85%	6.85%

8. Bank indebtedness

The University has a \$7,500,000 line of credit with interest at prime less 0.7% per annum which has a balance of \$3,205,000 outstanding as at April 30, 2024 (2023 – \$0).

The University has a \$23,300,000 construction line of credit that will eventually transfer to long-term debt in December 2024, upon completion of a specific capital project. The credit facility carries an interest rate of prime less 0.7% and has a balance of \$12,080,000 outstanding as at April 30, 2024 (2023 – \$0).

In addition, the University has a lease facility of \$1,000,000 with interest at prime minus 0.7%. The University did not make use of this facility during fiscal 2024.

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include government remittances payable of \$642,373 (2023 – \$645,581).

10. Deferred contributions related to capital assets

Deferred contributions related to capital assets are externally restricted expendable funds received in the current or prior periods to support capital assets which have not yet been amortized. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations. Changes in the deferred contributions related to capital assets balance is detailed in the following table:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 58,884,616	\$ 61,040,340
Add		
Contributions for capital assets deferred during the year	2,727,652	718,615
Less		
Deferred contributions amortized during the year	<u>(2,817,296)</u>	<u>(2,874,339)</u>
Ending balance	<u>\$ 58,794,972</u>	<u>\$ 58,884,616</u>

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Notes to the consolidated financial statements

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11. Deferred contributions related to restricted and endowed funds

Deferred contributions are externally restricted expendable funds received in the current period or in a prior period which have not yet been spent and the spending allocation from externally restricted endowments set aside for the following year. Changes in the deferred contributions balance are detailed in the following tables:

	<u>Research</u>	<u>Special Purpose and Endowment Expendable</u>	<u>2024</u>
Beginning balance	\$3,764,588	\$ 33,565,530	\$ 37,330,118
Add			
Expendable restricted contributions	3,471,888	32,064,572	35,536,460
Less			
Recognized as revenue and interfund transfers	(3,206,056)	(19,056,573)	(22,262,629)
Deferred to capital assets	<u>(237,390)</u>	<u>(1,731,262)</u>	<u>(1,968,652)</u>
Ending balance	<u>\$ 3,793,030</u>	<u>\$ 44,842,267</u>	<u>\$ 48,635,297</u>
	<u>Research</u>	<u>Special Purpose and Endowment Expendable</u>	<u>2023</u>
Beginning balance	\$ 3,980,866	\$ 17,554,911	\$ 21,535,777
Add			
Expendable restricted contributions	3,370,776	25,997,736	29,368,512
Less			
Recognized as revenue and interfund transfers	(3,273,697)	(9,581,859)	(12,855,556)
Deferred to capital assets	<u>(313,357)</u>	<u>(405,258)</u>	<u>(718,615)</u>
Ending balance	<u>\$ 3,764,588</u>	<u>\$ 33,565,530</u>	<u>\$ 37,330,118</u>

Mount Allison University

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12. Endowments

The following table details the changes in the endowment funds

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 220,585,157	\$ 218,039,976
Donations	4,667,981	5,204,366
Recapitalized endowments	7,020	577,457
Investment gain	<u>10,438,730</u>	<u>(3,236,642)</u>
Total	<u>\$ 235,698,888</u>	<u>\$ 220,585,157</u>

The market value of the endowment funds is disclosed in note 4. Net assets restricted for endowment purposes consists of \$167,579,767 (2023 – \$155,711,554) externally restricted endowments and \$68,119,121 (2023 – \$64,873,603) internally restricted endowments.

In 2024, investment earnings, net of fees, of \$20,240,735 were earned on endowments, of which \$9,811,493 was made available for spending, \$3,113,777 was for the preservation of capital on internally restricted endowments, and the balance of \$7,315,465 was for the preservation of capital on externally restricted endowments, which was recorded as a direct increase in endowments.

In 2023, investment earnings, net of fees, of \$6,123,696 were earned on endowments. To fund next year's spending allocation of \$9,467,569, \$1,056,102 was deducted from internally restricted endowments and the balance of \$2,287,771 was deducted from externally restricted endowments, recorded as a direct decrease in endowments

13. Internally restricted net assets

	Balance <u>2024</u>	Balance <u>2023</u>
Contingency Fund to support revenue shortfalls and emergencies	\$ 593,447	\$ 315,192
Infrastructure and other projects support	1,162,566	891,982
Research support	480,808	593,061
Internally restricted endowment spending	<u>5,773,116</u>	<u>4,976,074</u>
	<u>\$ 8,009,937</u>	<u>\$ 6,776,309</u>

Mount Allison University

Notes to the consolidated financial statements

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14. Financial instruments

The University is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, interest rate risk and credit risk:

Market risk

Market risk refers to the impact on the University's cash flows due to fluctuations in interest rates and the fair value of assets held in debt and equity markets. The primary risk exposures relate to investments held in foreign currencies, interest rate volatility, and other market risk. The University has formal policies and procedures in place governing asset mix and setting limits on the proportion of each asset class within the endowment or non-endowed bond and guaranteed investment certificate portfolios. Investments held in the University's endowment fund and non-endowed bond and guaranteed investment certificate portfolios are managed by professional investment managers who are monitored by University officials and committees of the University's Board of Regents. The University's policy governing its spending from investment returns earned on its endowment funds means that there is little risk to annual cash flows as the spending allocation is based on an average of the market value over the prior sixteen quarters.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is exposed to interest rate risk on its variable rate operating line of credit and on its construction financing and changes in the variable rate subject the University to cash flow risk.

Credit risk

Credit risk refers to the impact on the University's cash flows of the credit quality of the University's receivables. Credit risk mainly relates to the quality of student receivables. To reduce credit risk with student accounts, the University places restrictions on the issuance of grades and degrees until payment on account is made. The University also uses third party agencies to collect outstanding receivables. The University does not have a significant exposure to any individual customer or counterparty.

15. Commitments

The University has outstanding capital construction commitments as of April 30, 2024, estimated at \$11.1 million (2023 – \$27.6 million).

The University has outstanding commitments to invest in private funds through contractual agreements that require periodic remittance of funds in response to capital calls from fund managers. These commitments will be financed by reallocating resources from other invested asset allocations.

Uncalled private fund commitments	<u>2024</u>	<u>2023</u>
Private infrastructure	\$ 1,938,158	\$ 2,160,071
Private equity	<u>22,970,772</u>	<u>-</u>
	<u>\$ 24,908,930</u>	<u>\$ 2,160,071</u>

Mount Allison University

Notes to the consolidated financial statements

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16. Contingent liabilities

The University is a member of the Canadian Universities Reciprocal Insurance Exchange (“CURIE”) self-insurance program. This self-insurance reciprocal involves a contractual agreement to share the insurance of property and liability risks of member universities for a term of not less than five years. This long-term period creates an environment for CURIE where financial risk can be spread over time as well as among subscribers. In addition, the reciprocal has obtained re-insurance with commercial insurers to cover catastrophic loss. In the event premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

From time to time, the University is involved in litigation or proceedings relating to claims arising out of its operations in the ordinary course of business. It is the opinion of management that the aggregate amount of any potential liability is not expected to have a material adverse effect on the University’s financial position or results and any claims arising out of the ordinary course of business are adequately provided for.

17. Allocated expenses

Certain costs are recorded in the General Operating Fund and then allocated to other funds. The allocations are based on staff time and supply consumption used by each fund. The following table indicates the allocations made by type of expense.

	Ancillary Operating Fund	Endowment Expendable Fund	Total 2024	Total 2023
Computing services	\$ 107,133	\$ -	\$ 107,133	\$ 102,437
Administrative and general expenses	739,871	215,657	955,528	946,954
Physical plant	2,025,898	-	2,025,898	1,924,096
Student services	<u>130,097</u>	<u>-</u>	<u>130,097</u>	<u>97,530</u>
	<u>\$ 3,002,999</u>	<u>\$ 215,657</u>	<u>\$ 3,218,656</u>	<u>\$ 3,071,017</u>

18. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.

Mount Allison University

Schedule of operating funds, restricted funds and net assets invested in capital assets

April 30, 2024

Schedule 1

	From schedule 2 General, Ancillary and Special Program Operating Funds		From schedule 3 Research, Special Purpose and Endowment Expendable Funds		Net Assets Invested in Capital Assets		Total 2024	Total 2023
	2024	2023	2024	2023	2024	2023		
Revenues								
Government grants - provincial	\$ 24,085,269	\$ 23,278,334	\$ 2,073,654	\$ 1,202,871	\$ -	\$ -	\$ 26,158,923	\$ 24,481,205
Government grants – federal	633,484	649,647	3,139,187	3,224,051	-	-	3,772,671	3,873,698
Student fees – tuition	28,644,928	26,767,445	-	-	-	-	28,644,928	26,767,445
Student fees – ancillary	12,179,900	10,781,083	-	-	-	-	12,179,900	10,781,083
Bequests and donations	507,758	819,963	1,895,315	3,226,322	-	-	2,403,073	4,046,285
Non-government grants and contracts	-	-	425,879	662,348	-	-	425,879	662,348
Bookstore and conference income	2,104,574	1,640,072	-	-	-	-	2,104,574	1,640,072
Investment income	6,767,717	2,282,649	7,241,493	6,703,337	-	-	14,009,210	8,985,986
Other income	1,811,693	1,569,013	4,853	9,353	-	-	1,816,546	1,578,366
Amortization of deferred capital contributions	-	-	-	-	2,817,296	2,874,339	2,817,296	2,874,339
	<u>76,735,323</u>	<u>67,788,206</u>	<u>14,780,381</u>	<u>15,028,282</u>	<u>2,817,296</u>	<u>2,874,339</u>	<u>94,333,000</u>	<u>85,690,827</u>
Expenses								
Academic departments	28,941,520	27,978,380	4,416,454	4,221,179	-	-	33,357,974	32,199,559
Library	2,680,674	2,664,413	642,883	599,316	-	-	3,323,557	3,263,729
Computing services	2,782,942	2,611,507	-	-	-	-	2,782,942	2,611,507
Administrative and general services	10,163,319	10,612,009	1,412,110	1,535,083	-	-	11,575,429	12,147,092
Physical plant	10,269,983	9,967,579	67,184	24,132	-	-	10,337,167	9,991,711
Student services	5,294,675	5,235,876	8,198,003	7,385,346	-	-	13,492,678	12,621,222
Ancillary services	7,043,788	6,359,525	-	-	-	-	7,043,788	6,359,525
Amortization of capital assets	-	-	-	-	6,041,018	5,841,995	6,041,018	5,841,995
	<u>67,176,901</u>	<u>65,429,289</u>	<u>14,736,634</u>	<u>13,765,056</u>	<u>6,041,018</u>	<u>5,841,995</u>	<u>87,954,553</u>	<u>85,036,340</u>
Revenues over expenses (expenses over revenues)	\$ <u>9,558,422</u>	\$ <u>2,358,917</u>	\$ <u>43,747</u>	\$ <u>1,263,226</u>	\$ <u>(3,223,722)</u>	\$ <u>(2,967,656)</u>	\$ <u>6,378,447</u>	\$ <u>654,487</u>

Mount Allison University

Schedule of general, ancillary and special program operating funds

April 30, 2024

Schedule 2

	General Operating Fund		Ancillary Operating Fund		Special Program Operating Fund		Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Government grants - provincial	\$ 24,071,073	\$ 23,257,077	\$ -	\$ -	\$ 14,196	\$ 21,257	\$ 24,085,269	\$ 23,278,334
Government grants - federal	633,484	649,647	-	-	-	-	633,484	649,647
Student fees - tuition	28,644,928	26,767,445	-	-	-	-	28,644,928	26,767,445
Student fees – ancillary	-	-	12,179,900	10,781,083	-	-	12,179,900	10,781,083
Bequests and donations	-	-	-	-	507,758	819,963	507,758	819,963
Bookstore and								
Conference income	-	7,870	2,090,202	1,628,898	14,372	3,304	2,104,574	1,640,072
Investment income	218,032	404,328	-	-	6,549,685	1,878,321	6,767,717	2,282,649
Other income (expense)	2,016,026	1,219,374	(542,097)	150,502	337,764	199,137	1,811,693	1,569,013
	<u>55,583,543</u>	<u>52,305,741</u>	<u>13,728,005</u>	<u>12,560,483</u>	<u>7,423,775</u>	<u>2,921,982</u>	<u>76,735,323</u>	<u>67,788,206</u>
Expenses								
Academic departments	28,479,757	27,595,894	-	-	461,763	382,486	28,941,520	27,978,380
Library	2,680,674	2,664,413	-	-	-	-	2,680,674	2,664,413
Computing services	2,675,809	2,509,070	107,133	102,437	-	-	2,782,942	2,611,507
Administrative and general services	6,613,543	7,397,934	739,871	733,588	2,809,905	2,480,487	10,163,319	10,612,009
Physical plant	6,921,136	6,604,099	3,348,847	3,363,480	-	-	10,269,983	9,967,579
Student services	4,767,635	4,701,743	130,097	97,530	396,943	436,603	5,294,675	5,235,876
Ancillary services	-	-	7,043,788	6,359,525	-	-	7,043,788	6,359,525
	<u>52,138,554</u>	<u>51,473,153</u>	<u>11,369,736</u>	<u>10,656,560</u>	<u>3,668,611</u>	<u>3,299,576</u>	<u>67,176,901</u>	<u>65,429,289</u>
Revenues over expenses (expenses over revenues)	<u>\$ 3,444,989</u>	<u>\$ 832,588</u>	<u>\$ 2,358,269</u>	<u>\$ 1,903,923</u>	<u>\$ 3,755,164</u>	<u>\$ (377,594)</u>	<u>\$ 9,558,422</u>	<u>\$ 2,358,917</u>

Mount Allison University

Schedule of research, special purpose and endowment expendable funds

April 30, 2024

Schedule 3

	Research Fund		Special Purpose Fund		Endowment Expendable Fund		Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Government grants - provincial	\$ 452,978	\$ 475,598	\$ 1,620,676	\$ 727,273	\$ -	\$ -	\$ 2,073,654	\$ 1,202,871
Government grants - federal	2,479,581	2,257,106	659,606	966,945	-	-	3,139,187	3,224,051
Bequests and donations	-	-	1,654,594	3,032,528	240,721	193,794	1,895,315	3,226,322
Non-government grants and income	275,889	575,980	149,990	86,368	-	-	425,879	662,348
Investment income	-	-	-	-	7,241,493	6,703,337	7,241,493	6,703,337
Other income	-	-	1,000	2,660	3,853	6,693	4,853	9,353
	<u>3,208,448</u>	<u>3,308,684</u>	<u>4,085,866</u>	<u>4,815,774</u>	<u>7,486,067</u>	<u>6,903,824</u>	<u>14,780,381</u>	<u>15,028,282</u>
Expenses								
Academic departments	3,073,016	3,043,521	467,901	445,427	875,537	732,231	4,416,454	4,221,179
Library	-	-	56,677	46,943	586,206	552,373	642,883	599,316
Administrative and general services	36,482	34,862	89,533	198,210	1,286,095	1,302,011	1,412,110	1,535,083
Physical plant	-	-	-	2,883	67,184	21,249	67,184	24,132
Student services	39,194	60,149	3,828,191	3,288,430	4,330,618	4,036,767	8,198,003	7,385,346
	<u>3,148,692</u>	<u>3,138,532</u>	<u>4,442,302</u>	<u>3,981,893</u>	<u>7,145,640</u>	<u>6,644,631</u>	<u>14,736,634</u>	<u>13,765,056</u>
Revenues over expenses (expenses over revenues)	\$ <u>59,756</u>	\$ <u>170,152</u>	\$ <u>(356,436)</u>	\$ <u>833,881</u>	\$ <u>340,427</u>	\$ <u>259,193</u>	\$ <u>43,747</u>	\$ <u>1,263,226</u>