



ANNUAL FINANCIAL REPORT

2023 - 2024

Message from the Vice-President, Finance & Administration

Overview

Financial Highlights

Enrolment

Student Experience

Financial Aid..

Endowments

Research

Special Purpose Funds

Capital Projects 5

Audited Financial Statements

OVERVIEW

OVER
500
FACULTY & STAFF

2,300
STUDENTS

34
EXCHANGE
PROGRAMS

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.

TOTAL EXPENSES

- Total expenses for 2023-24 saw an 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.

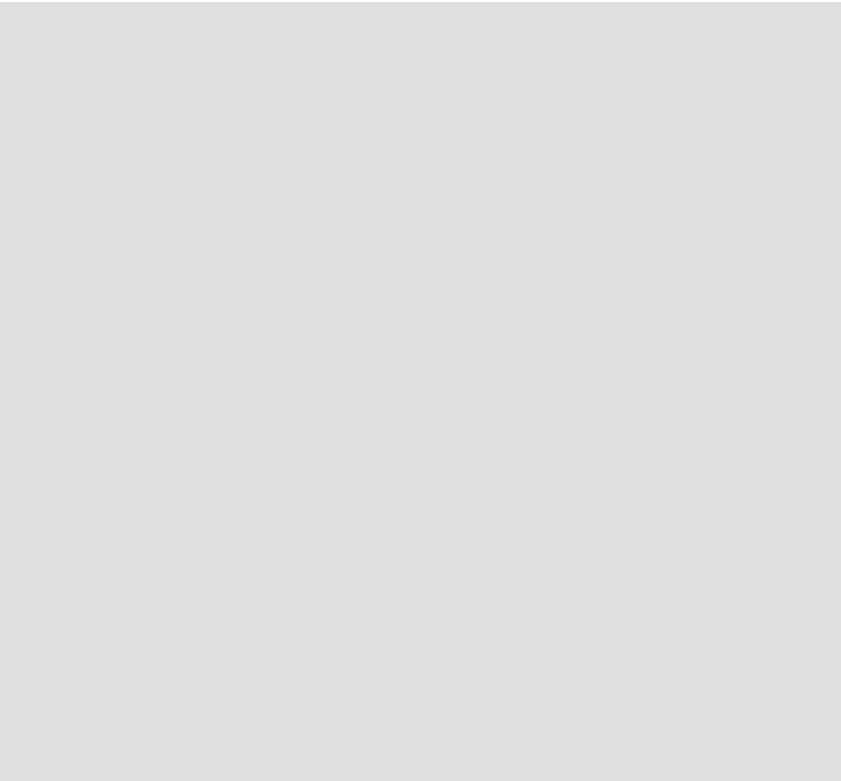
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The General Operating Fund encompasses the core academic, administrative, and operational activities supporting the university's primary teaching and research functions, financed through student fees, government grants, and other sources of revenue.

Ancillary operations are crucial in
providing essential support services to



ENDOWMENTS

SUPPORT FROM 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.

ENDOWMENT MARKET VALUE AND RETURNS
as of March 31

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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 a id.
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.

Expendable restricted donations received during the year are recognized in the Special Purpose Fund.

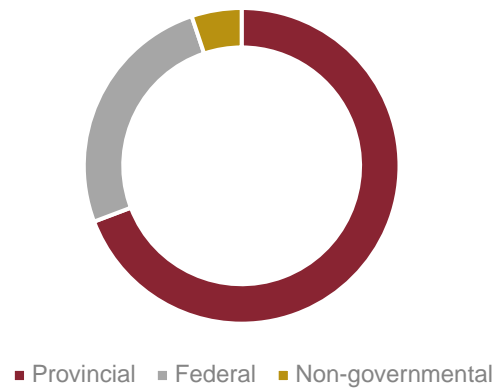
These donations are designated for specific purposes by the donor and are typically used within a short or defined period. In line with Mount Allison's deferral

method of revenue recognition, these donations are recognized on, etc. 7r97

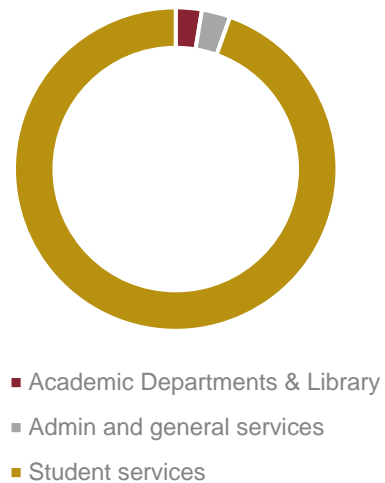
In the same year, the university received 48 provincial, federal, and non-government grants totaling \$2.5 million.

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



Consolidated Financial Statements

Mount Allison University

April 30, 2024

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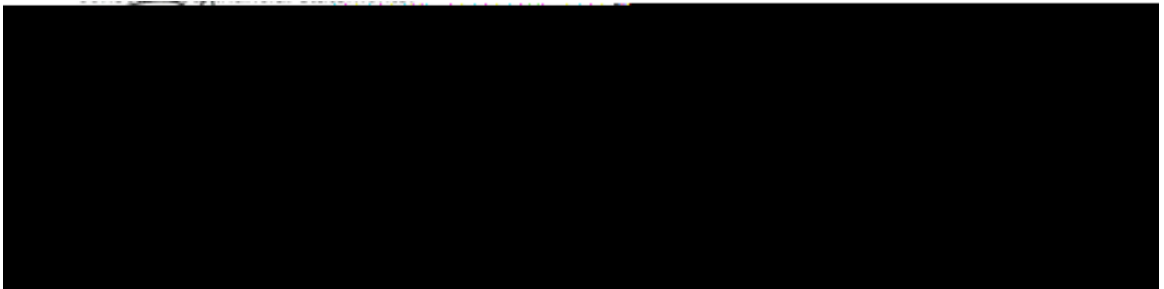
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STATEMENT OF MANAGEMENT RESPONSIBILITY

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



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.

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>
	<u>94,333,000</u>	<u>85,690,827</u>

Expenses

Academic department

Mount Allison University
Consolidated statement of changes in net assets
Year ended April 30

General, Research, Net Assets
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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>

Net cash (used) provided by

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

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

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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.

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	7,253,928	-
	<u>246,482,078</u>	<u>230,107,546</u>
Investments – Total	\$ 275,348,284	\$ 246,954,025
Investments – short-term	8,298,834	3,670,331
Investments – long-term	<u>267,049,450</u>	<u>243,283,694</u>
	\$ 275,348,284	\$ 246,954,025

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 pooled investments in funds that invest primarily in cash or short-term investments (including U.S. government securities) and may include

Mount Allison University
Notes to the consolidated financial statements
April 30, 2024

5.	Capital assets	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value <u>2024</u>	Net Book Value <u>2023</u>
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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

Mount Allison University
Notes to the consolidated financial statements

April 30, 2024

(QRZHW)

The following table details the changes

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

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.

Mount Allison University

Notes to the consolidated financial statements

April 30, 2024

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.

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

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Mount Allison University
Schedule of general, ancillary and special program operating funds

April 30, 2024

Schedule 2

General Operating Fund
20

Ancillary Operating Fund

Special Program Operating Fund

Total

Total

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>