

The Mount Royal University Foundation
FINANCIAL STATEMENTS

Period Ended
March 31, 2022

To the Board of Mount Royal University Foundation:

Opinion

We have audited the financial statements of Mount Royal University Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in financial net assets and cash flows for the nine-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022, and the results of its operations and its cash flows for the nine-month period then ended in accordance with Canadian public sector accounting standards.

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 Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the 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.

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

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

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Foundation'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 Foundation'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 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Calgary, Alberta

May 6, 2022

MNP LLP

Chartered Professional Accountants

MNP

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

	March 31, 2022 9 Months	June 30, 2021 12 Months
FINANCIAL ASSETS		
Cash	\$ 96,546	\$ 114,792
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	96,446	114,692
NET FINANCIAL ASSETS	\$ 100	\$ 100
Net assets is comprised of:		
Accumulated surplus (Note 6)	\$ 100	\$ 100

Approved by the Board of Directors (Note 13)



 Kim Berjian, Chair Finance Committee



 Terry Kellam, Executive Director

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

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

	Budget 2022 9 Months (Note 12)	March 31, 2022 9 Months	June 30, 2021 12 Months
REVENUES			
Donations and grants	\$ 6,930,000	\$ 8,322,791	\$ 9,922,321
Contributions from Mount Royal University	1,811,356	1,606,704	2,087,928
Sponsorships	180,000	305,665	168,288
Fundraising events	-	36,648	-
	<u>8,921,356</u>	<u>10,271,808</u>	<u>12,178,537</u>
EXPENSES (NOTE 7)			
Administration	1,811,356	1,606,704	2,087,928
Transfers to Mount Royal University	7,110,000	8,665,104	10,090,609
	<u>8,921,356</u>	<u>10,271,808</u>	<u>12,178,537</u>
Annual operating surplus	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated surplus, beginning of period	<u>100</u>	<u>100</u>	<u>100</u>
Accumulated surplus, end of period	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>

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

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

	Budget 2022 9 Months	March 31, 2022 9 Months	June 30, 2021 12 Months
Net financial assets, beginning of period	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net financial assets, end of period	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>

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

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

	March 31, 2022 9 Months	June 30, 2021 12 Months
OPERATING TRANSACTIONS		
Annual surplus	\$ -	\$ -
Non-cash items:		
Decrease in accounts payable and accrued liabilities	(18,246)	(193,889)
Cash used by operating transactions	(18,246)	(193,889)
Decrease in cash	(18,246)	(193,889)
Cash, beginning of period	114,792	308,681
Cash, end of period	\$ 96,546	\$ 114,792

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

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

1. Authority and Purpose

The Mount Royal University Foundation (the "Foundation") was incorporated under Part 9 of the Companies Act of Alberta on March 26, 1991. The Foundation is registered with Canada Revenue Agency as a charitable organization. In order to maintain its status as a registered charity under the Income Tax Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met. The Foundation's operations are conducted for the purpose of raising funds for Mount Royal University (the "University"). The University makes a contribution to the Foundation to offset administration costs. The Board of Directors of the Foundation is elected annually by the Shareholders of the Foundation at its Annual General Meeting. Each Director commits to reappointment for a minimum three-year term.

2. Summary of Significant Accounting Policies and Reporting Practices

(a) General - Public Sector Accounting Standards (PSAS) and use of estimates

These financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS) for not for profit organizations. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The Foundation administration uses judgment to determine such estimates. Accruals for accounts payable and accrued liabilities are the most significant items based on estimates. In administration's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

(b) Non-Use of Statement of Remeasurement Gains and Losses

As there are no items to be reported on the statement of remeasurement gains and losses, the statement has not been prepared.

(c) Valuation of Financial Assets and Liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost
Accounts payable and accrued liabilities	Amortized cost

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

(d) Revenue Recognition

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

The Foundation recognizes grants, donations and other contributions as follows:

Grants and Donations

Restricted grants and donations are recognized as deferred revenue if the terms for the use, or the terms along with the Foundation's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met.

Unrestricted grants and donations are recognized as revenue in the year received or in the year the funds are committed to the Foundation if an estimate of the amount can be made and it is expected the benefits will be obtained.

In kind donations of services and materials are recorded as revenue at their fair value on the date of donation except in circumstances when such value cannot reasonably be determined, which are then recognized at nominal value.

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

Fundraising Events

Revenue from fundraising events held for a specific purpose is recognized when received or receivable, and the event is complete.

3. Change in Fiscal Year End

The Mount Royal University Foundation changed its fiscal year end to March 31, 2022 to coincide with that of Mount Royal University and the Government of Alberta. The change in fiscal year end was approved by the Minister of Advanced Education in January 2021. Information included in the financial statements reflect the first complete fiscal period consisting of the nine months ending March 31, 2022 as compared to the twelve-month period ending June 30, 2021. As a result, the two periods are not entirely comparable.

4. Financial Risk Management

Financial instruments include cash and contractual rights to receive or deliver cash. It is management's opinion that the Foundation is not exposed to significant interest or currency risks arising from financial instruments. Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Foundation. Credit risk arises principally from the Foundation's cash balance. The Foundation holds its cash in a large Canadian financial institution. There has been no change to credit exposure during the year. The fair value of the Foundation's financial instruments approximates their carrying value due to their short term nature. Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Liquidity risk is not considered significant by management as the Foundation's cash flow is controlled by the University, which has a short term line of credit available to meet current and forecasted demands. There has been no change to the risk exposures from 2021.

5. Accounts Payable and Accrued Liabilities

	2022	2021
	<hr/>	<hr/>
Donations and advances payable to the University (Note 8)	\$ 81,446	\$ 114,692
Miscellaneous Foundation Liability	15,000	-
	<hr/>	<hr/>
	\$ 96,446	\$ 114,692
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**THE MOUNT ROYAL UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

6. Accumulated Surplus

	<u>2022</u>	<u>2021</u>
Accumulated surplus balance	\$ 100	\$ 100

Accumulated surplus includes share capital of \$100; 100 common shares authorized and issued (June 30, 2021 - 100).

7. Expense by Object

The following is a summary of expense by object:

	<u>Budget</u>	<u>2022</u>	<u>2021</u>
Contracted services	\$ 1,811,356	\$ 1,606,704	\$ 2,087,928
Donations and fundraising proceeds transferred to the University	7,110,000	8,665,104	10,090,609
	<u>\$ 8,921,356</u>	<u>\$ 10,271,808</u>	<u>\$ 12,178,537</u>

8. Related Party Transactions and Balances

The Foundation is a related party with the University. The Foundation utilizes space provided by the University and is provided to the Foundation at a nominal cost.

The balance in the "Donations and advances payable to the University" account represents the cash held by the Foundation that is related to donations, grants, and proceeds from fundraising activities received by the Foundation, but not yet paid to the University, as at the end of the year. In addition, fundraising expenses as incurred by the Foundation, but processed by the University are owed to the University. For the period ended March 31, 2022 and June 30, 2021 the following transactions took place in the normal course of operations between the Foundation and the University. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<u>2022</u>	<u>2021</u>
Transfers to Mount Royal University, including donations, grants, and fundraising	\$ 8,665,104	\$ 10,090,609
Contributions from Mount Royal University, including contracted services provided to the Foundation	\$ 1,606,704	\$ 2,087,928
Donations and advances payable to the University (Note 5)	\$ 81,446	\$ 114,692

**THE MOUNT ROYAL UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021**

9. Salaries and Benefits of Board of Directors and Key Officers

There is no remuneration for services as the Chair or as a Member of the Foundation's Board of Directors. In 2022, the Executive Director position was held in the University with a base salary of \$126,495 (2021 - \$164,880) and other non-cash benefits of \$20,649 (2021 - \$27,610) totaling \$147,144 (2021 - \$192,490); the Director of Advancement Services and Annual Giving position was held in the University with a base salary of \$96,287 (2021 - \$124,867) and other non-cash benefits of \$17,300 (2021 - \$24,356) totaling \$113,587 (2021 - \$149,223). These individuals are employed by the University and are contracted by the Foundation and their respective salaries and benefits are included in contracted services expense.

10. Pledges Receivable

The value of pledges receivable as of March 31, 2022 is \$4,549,388 (June 30, 2021 - \$7,344,762). These pledges have not been recorded in revenue or accounts receivable due to uncertainty that the benefits will be obtained.

11. Economic Dependence

The function of the Foundation is primarily to generate support for the University. It is physically located on the University Campus and is economically dependent on the University for its operations. The Foundation expects the committed funding from the University will be sufficient to continue as a going concern through its current and subsequent reporting periods.

The Foundation does not have any externally imposed capital requirements.

12. Budget Figures

Budgeted figures have been provided for comparison purposes and have been derived from the Foundation's Budget Plan as approved by the Board of Directors on April 28, 2021.

13. Approval of Financial Statements

The financial statements were approved by the Board of Directors of Mount Royal University Foundation at their meeting dated May 5, 2022.