

REVIEW OF OPERATIONS
(Unaudited)
April 30, 2009



Introduction

This Review of Operations is divided into two parts. Part A provides the University and the general public with an overview of the financial results of the University for the year ended April 30, 2009 while Part B provides multi-year statistics based on the University's Strategic Plan.

The University accounts for its activities using the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of University resources and allows for separate planning, budgeting and management of each significant University activity.

The largest fund is the General Operating Fund which accounts for the academic, administrative and other operating activities related to the primary teaching and research function of the University. In fiscal 2009 the General Operating Fund ended the year with a surplus of \$1,275,300 after beginning the year with \$995,000 of reserves. \$995,000 of the year end surplus was appropriated to support the fiscal 2010 budget and the remaining \$280,300 was appropriated to support construction costs of the University's new Wallace McCain Student Centre.

The General Operating Fund result for the year was better than budget due to salary savings from vacant positions and utility cost savings. For more than 15 years the University has completed the year with a balanced Operating Fund budget.

The second largest fund is the Ancillary Fund which accounts for the University's residence, dining, conference, bookstore, and retail operations. These operations are completely supported by their own revenue and do not receive any government grants. The Ancillary Fund had a successful year with the residence and dining operation appropriating \$977,035 to support its share of the costs of the McCain Student Centre. The bookstore, retail clothing and retail dining all had small year end appropriations consistent with their individual budgets.

The University receives significant support from donors in the form of expendable and endowed donations. The University received \$10,106,000 of donations and bequests this fiscal year. The largest donation, in excess of \$3,000,000, came in the form of an unrestricted bequest which has been endowed to provide support to current and future generations of students and faculty. As with almost all Canadian universities the University's General Endowment and Bell Endowment Funds incurred negative returns in fiscal 2009. However, the University's overall endowment annual rate of return for calendar 2008 represents a 1st quartile return for university endowments greater than \$100 million and a 2nd quartile return for endowments between \$30 to \$100 million.

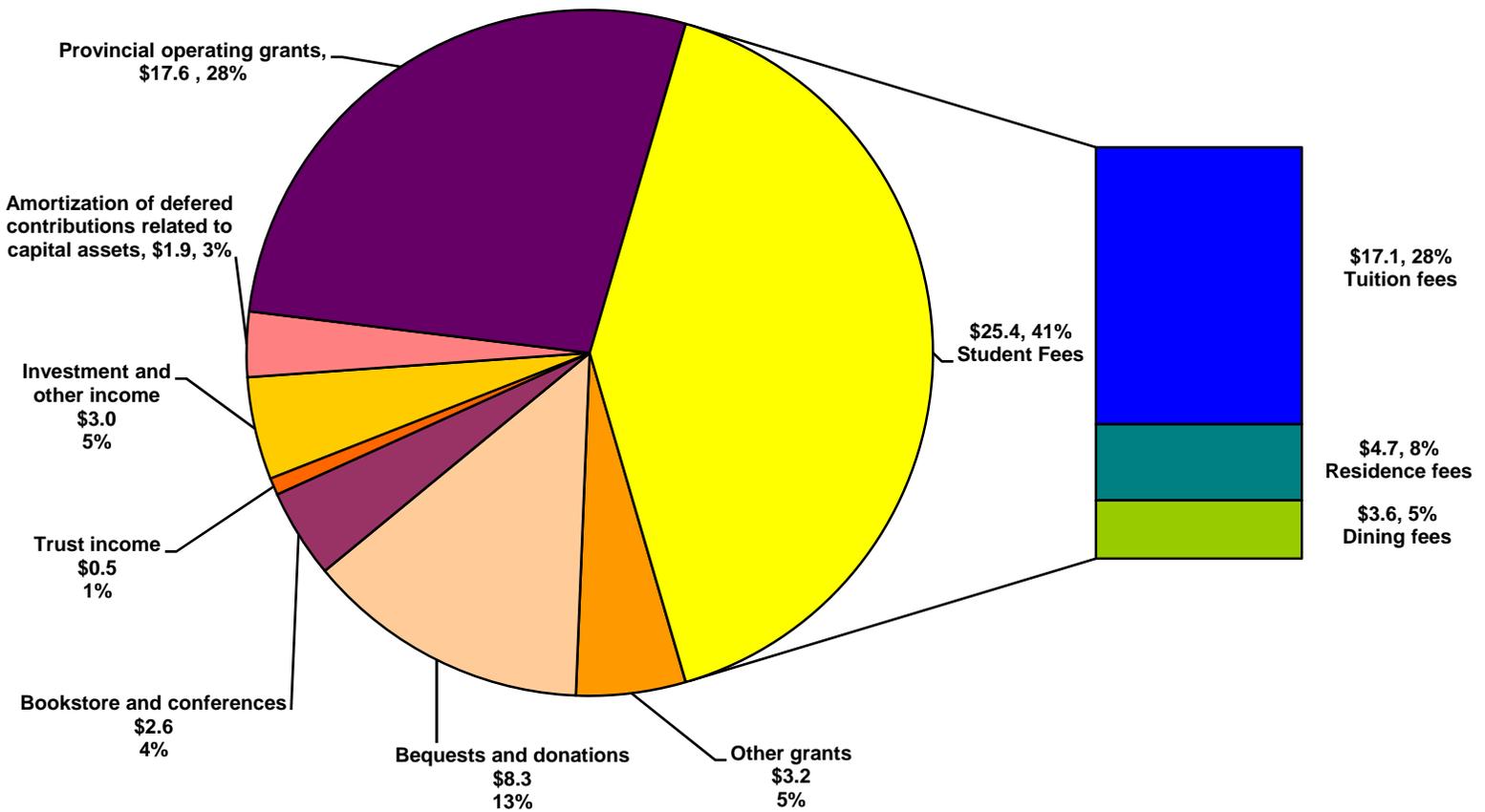
The Capital Asset fund accounts for capital construction costs and significant equipment purchases. In fiscal 2009 the University opened its new Wallace McCain Student Centre. This facility brings various student life services under one roof, marking a significant milestone in the completion of the University's comprehensive Facility Master Plan and, through the refurbishment of an old residence into a student centre, is an example of the University commitment to environmental sustainability.

The University ended the financial year with assets of \$168,552,256, liabilities and deferred contributions of \$57,014,284 and net assets of \$111,537,972. Consistent with prior years the University has no external debt.

Part A

CHART 1

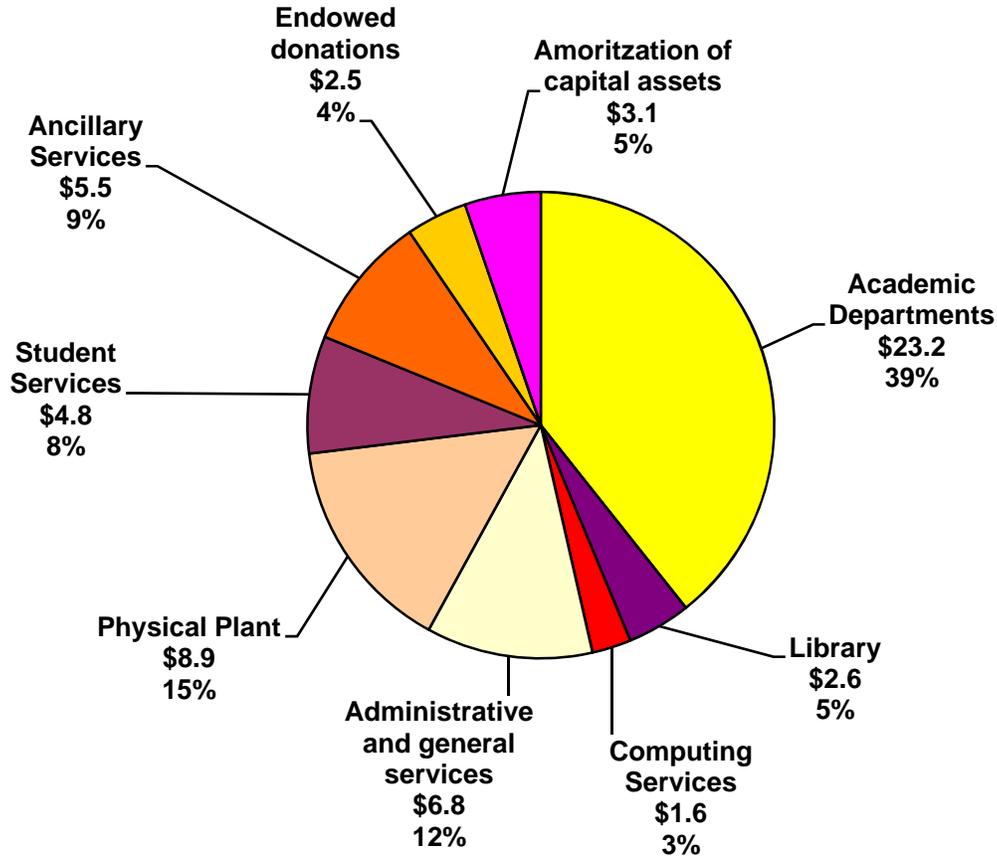
Total University Revenue by Type (millions)



University revenue comes from four main sources. These sources include student payments for tuition, residence, meal plan and bookstore services; grants from the Provincial government, Federal government and other sources; gifts received as donations, bequests, trust income and investment income earned on operating cash balances and endowed donations.

CHART 2

Total University Expenditures by Type (millions)



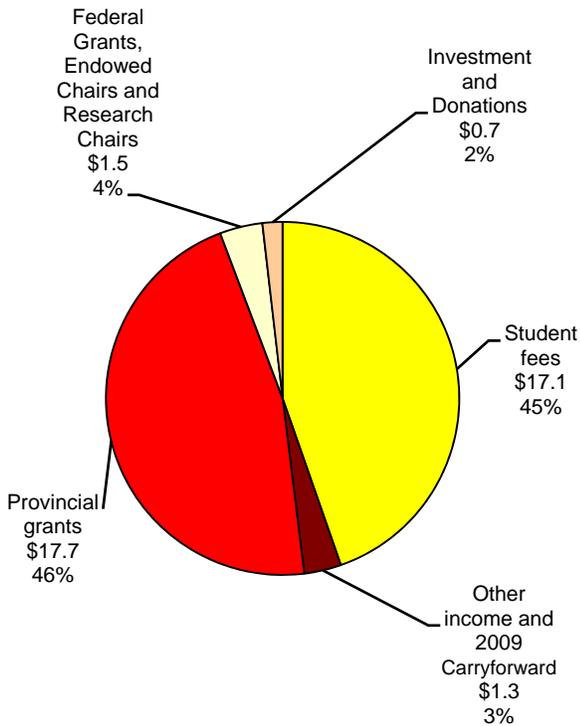
University spending, including endowed donations added directly to endowment funds, totaled \$59 million in 2009.

The largest allocation of expenditures was \$23.2 million, or 39% of the total, directed towards Academic Departments. Salaries and other forms of compensation represent the largest type of expenditure with utilities, meal plan costs, and financial aid representing significant amounts.

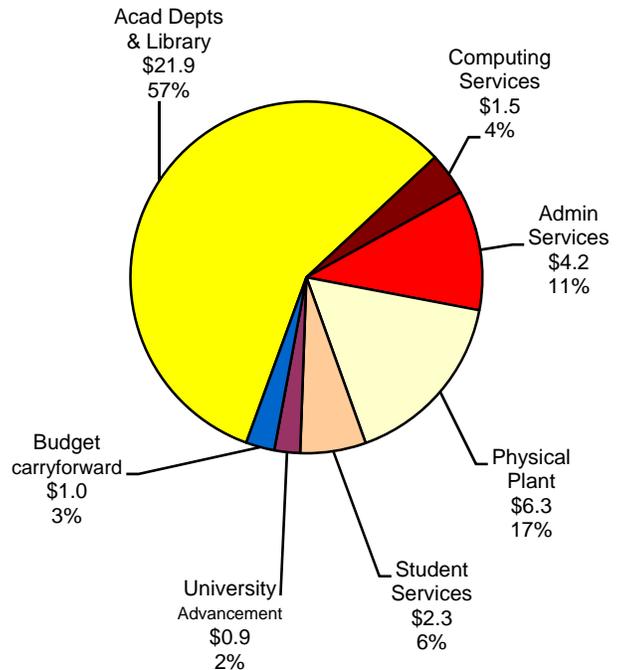
CHART 3

General Operating Fund Revenue and Expenditures (millions)

Revenues



Expenditures



The largest portion of University financial resources is directed towards the General Operating Fund. Chart 3 shows General Operating Fund revenue and expenditures plus interfund transfers related to the General Operating Fund. Student tuition and Provincial Grants make up 91% of the revenue for this Fund. The largest expenditure is the direct cost of academic departments followed by administrative and physical plant costs.

In fiscal 2009 there was no increase in student tuition over the prior year. The government grant did increase and the Province provided additional grant funds to offset the freeze in tuition.

The University was able to carry over \$995,000 at year end to support the fiscal 2010 budget. This was possible through savings in various budgets and by not using certain reserves.

This appropriation was completed after adjusting for a \$42,873 difference between certain pension contributions and the pension expense.

Ancillaries include the residence, dining, conference, bookstore and retail clothing operations.

The residence operation completed funding of the University's newest residence, Campbell Hall, in fiscal 2009 and contributed \$977,035 to the construction of the Wallace McCain Student Centre.

The conference operation, which uses student residences during the summer months without charge but which pays for its use of other facilities, appropriated \$126,374 to support residence costs.

The bookstore had a year end surplus of \$54,393 which was appropriated to support construction costs of bookstore facilities in the new Student Centre. In fiscal 2009 the bookstore operation assumed responsibility for providing fine arts supplies to students. Textbook and fine arts supply prices are set to ensure the bookstore covers its costs but does not generate any profits.

The retail clothing and retail dining operations year end surpluses of \$53,499 and \$50,760 were also appropriated to support retail space construction costs in the new Student Centre. The retail clothing operation is now included in the McCain Student Centre and provides Mount Allison crested clothing and other merchandise to the University community and general public. The retail dining operation includes Gracie's café in the McCain Student Centre and the Flying Bean coffee bar in the Ralph Pickard Bell Library.

A joint project of the Student Life and residence departments involving specialized themes for smaller residences was recognized with a quality and productivity award by the Canadian Association of University Business Officers. The University currently has three smaller residences that focus on environmental sustainability, care for homeless animals and interest in international affairs.



Animal House resident Jessie Brown, with Daisy the dog, who was also living in the house during the year while waiting for adoption.

Part B

The University's Strategic plan is based on the following six components. These components are discussed on the following pages using University financial data and comparative data from other Canadian universities.

- Student Recruitment and Retention: the challenges and opportunities we face in attracting qualified students to Mount Allison;
- The Academic Experience – Quality and Differentiation: the challenges of maintaining an academic experience for Mount Allison students that is unique and top quality;
- The Extracurricular Experience – An Integrated Approach: the opportunity to build on Mount Allison's legacy of extracurricular activity and link this dimension more closely to our core academic mission;
- The Faculty Experience – Teaching and Research: the challenges and opportunities involved in attracting and retaining high-quality faculty and assisting their professional success in a balanced teaching, research, and service environment;
- People, Infrastructure, Budget, and Support: our challenges in attracting and maintaining high-quality management and staff and ensuring a physical and technical environment that supports the Mount Allison experience; and
- Accountability: the challenge of establishing clear, transparent lines of accountability to demonstrate to ourselves and to our communities the extent to which we are attaining our mission and strategic objectives.

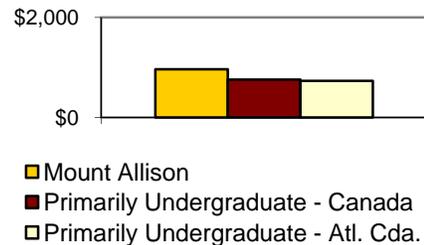
Component 1 – Student Recruitment and Retention

Recruiting and retaining exceptional students and meeting enrollment targets provides a foundation to create a sustainable operating environment.

The number of students paying full time tuition fees has remained relatively consistent in the past five years, ranging from a low of 1,998 to a high of 2,248. The number of full time faculty has also remained consistent ranging from 133 to 138.

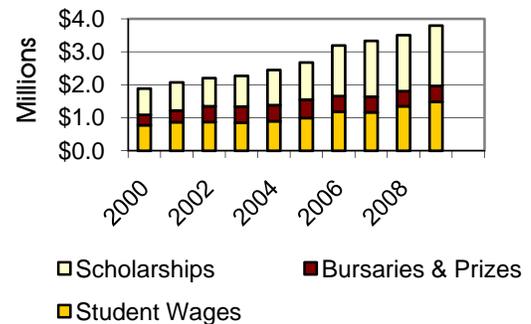
Recruiting and retaining qualified students requires significant financial aid and student employment resources. Mount Allison spends more funds on financial aid per full-time student than any primarily undergraduate university in Atlantic Canada and significantly more than the average spent by undergraduate universities in Canada.

Chart 4 - Financial Aid per FTE



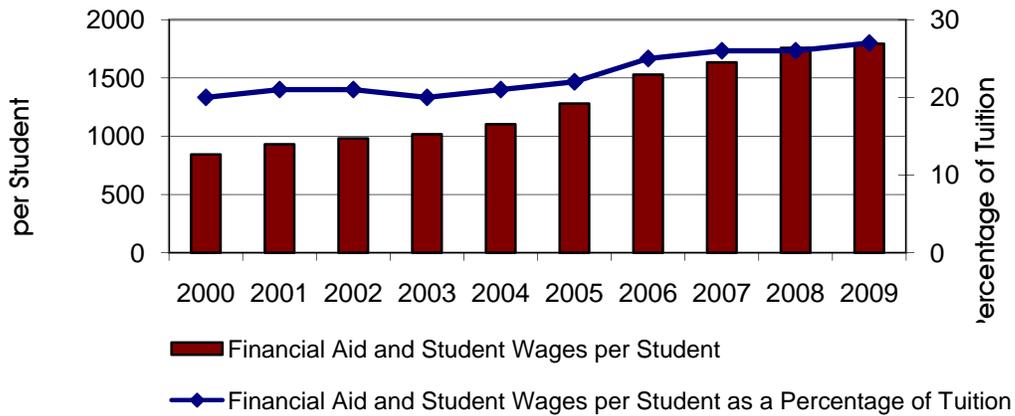
Expenditures on scholarships, bursaries, prizes and student wages have consistently increased over the past ten years. Financial aid spending represents the largest budget item in the endowment fund budget and is the third largest University expenditure after salaries and utilities. Student aid increased 8% in fiscal 2009 and the University is maintaining its financial aid program in fiscal 2010 even with the current economic challenges.

Chart 5 - Mount Allison Student Aid



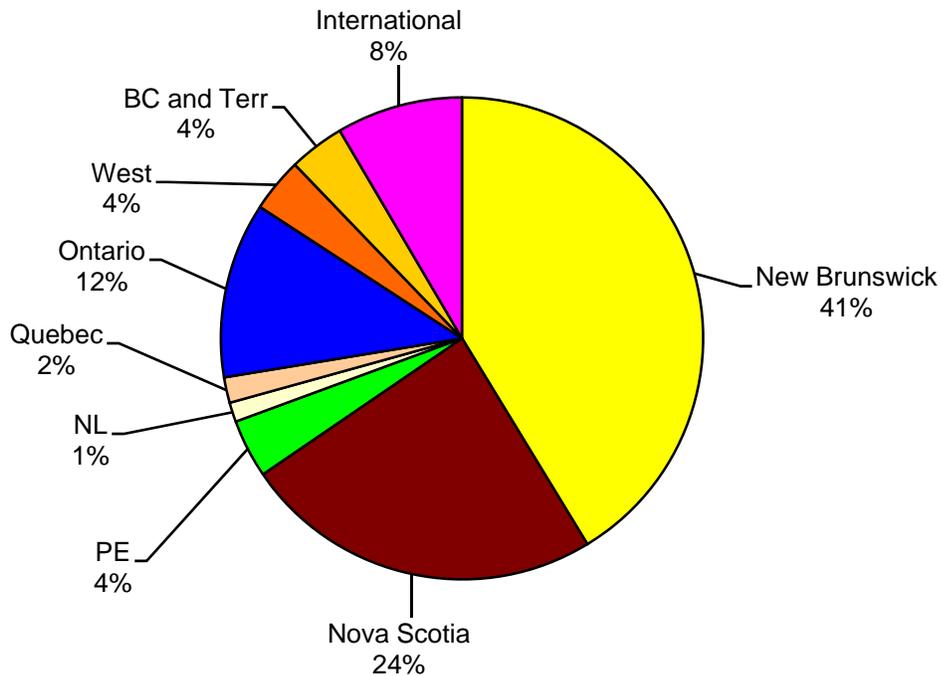
Financial aid has increased faster than the increase in tuition. In fiscal 2009 tuition was frozen while spending on scholarships, bursaries and student wages all increased. The amount of financial aid and student wages per student and as a percentage of tuition has increased over the past ten years.

Chart 6 - Financial Aid and Student Wages



Mount Allison contributes to the development of New Brunswick by recruiting 41% of students from New Brunswick and providing them an opportunity to interact with individuals from every region of Canada and from over 30 other countries.

Chart 7 - Students by Permanent Residence



Component 2 – The Academic Experience

In addition to providing a low student faculty ratio, financial resources are allocated to promote a unique and high quality academic experience.

The University provides opportunities both on campus through summer research fellowships, where students undertake research projects, and off campus through exchange programs with other universities, courses delivered in foreign countries and field trips to various locations.

Selected University Exchange Programs

- University of Otago - New Zealand
- Université Marc Bloch - France
- Kwansai Gakuin University – Japan
- Washington Center for Academic Internships – United States of America
- Zhejiang University - China

Selected University Courses operated off campus

- Modern Languages – Cuba
- History – China
- Marine Biology – various Caribbean countries
- Classics – Italy
- Anthropology – Belize

Selected University Field Trips

- Fine Arts – New York
- Music – New York
- Commerce – Toronto and Montreal

The University funded 42 summer research fellowships in fiscal 2009. Many departments employ senior students as lab assistants and tutors.

Many senior students complete honours programs supervised by experienced faculty members. Over the past number of years approximately 22% of graduates completed honours programs.

The University spends significant resources on library acquisitions and has one of the highest levels of library acquisition spending per full-time equivalent student of any primarily undergraduate university in Canada.

Chart 8 - Library Acquisitions

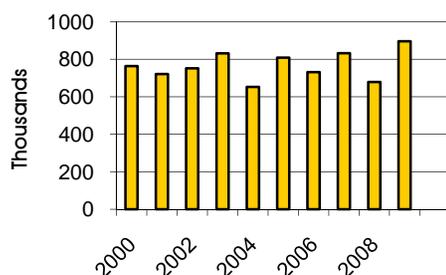
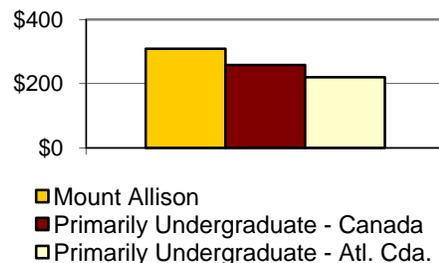


Chart 9 - Library Acquisitions per FTE



Component 3 – The Extracurricular Experience

Build on Mount Allison's extracurricular legacy and link this dimension more closely to the core academic mission.

The University provides a variety of opportunities to foster student development outside of the classroom. Many extracurricular and leadership activities are closely linked to the academic mission and cover intellectual, social and physical activities.

- Leadership Mount Allison
 - Over 400 separate projects funded since its inception in 2000
 - \$37,796 of funding provided in 2009 for 4 curricular and 22 co-curricular projects
- Student Societies
 - Almost 100 active separate student societies in 2009
 - Societies range from musical (Garnet and Gold) to academic (History Society) to community focused (Habitat for Humanity)
- Athletics
 - Opportunities to compete at all skill levels in a variety of sports
 - 110 intramural sports teams involving 1,126 students
 - 11 club sports involving 194 students
 - 6 Canadian Interuniversity Sports teams involving 170 students
 - 4 Canadian College Athletic Association teams involving 55 students
- Employment Opportunities
 - Over 100,000 hours of direct student employment
 - Leadership opportunities as Assistant Dons and Residence Assistants

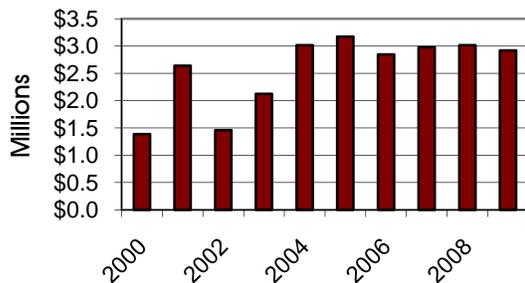
Component 4 – The Faculty Experience

Attract and retain high quality faculty and assist in their professional success in a balanced teaching, research and service environment.

Teaching excellence is supported by the University's Purdy Crawford Teaching Centre and recognized through a number of faculty awards and prizes locally, regionally and nationally.

The University supports research activities by providing the necessary physical infrastructure, information technology systems and administrative processes.

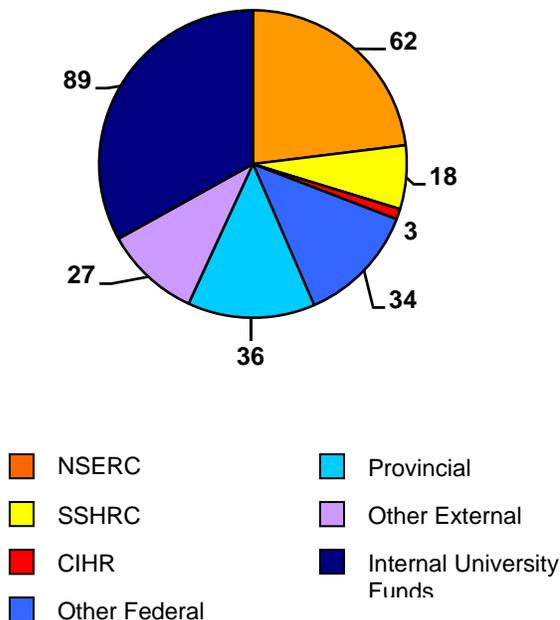
Chart 10 - External Research Funding



Over the past five years the University has averaged almost \$3 million, or over \$20,000 per full time faculty member, of research funding.

Research funding provides students with employment opportunities to work with faculty on various research projects.

Chart 11 - Number of Research Grants in 2009



The University receives research grant and contract funding from a variety of sources and for many different projects.

- The University administered 269 research grants in fiscal 2009.
- The largest source of funding by dollars is NSERC which provides science-related research grants.
- Funds from the University's Operating and Endowment funds are used to support the largest number of grants.
- The University currently has five Canada Research Chairs funded by Federal grants and internal operating funds.

Component 5 – People, Infrastructure, Budget, and Support

Attract and maintain high quality administrative staff and ensure a physical and technical environment that supports the Mount Allison experience.

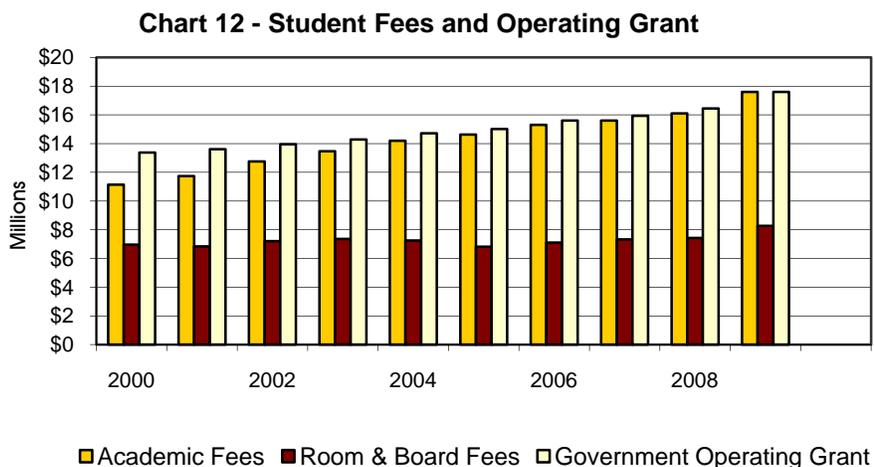
The University is working toward an operating environment that is sustainable and provides for intergenerational equity. This means the provision of processes and facilities that consider social, ecological and economic priorities and balance the needs of current and future students and faculty.

In order to sustain its facilities, a university must spend significant amounts on renewal and adaptive maintenance. Mount Allison has a plan in place whereby increasing amounts in real terms are spent each year for this purpose. As a result, even though Mount Allison, like most universities, had deferred maintenance, over the medium term we will see a significant reduction in deferred maintenance.

In fiscal 2009 the University adopted an Emission Reduction policy to provide guidance and direction to reduce the University's carbon footprint. In fiscal 2010 the University will begin tracking various metrics related to its carbon footprint and implement utility savings and carbon reduction projections. These projects include work in the University's heating plant and refurbishment of the Barclay Chemistry building fume hood and exhaust system.

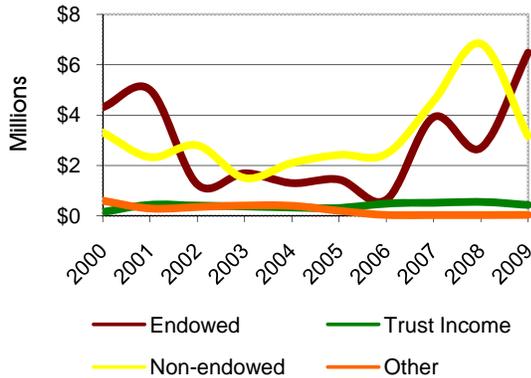
Component 6 – Accountability

Establish clear, transparent lines of accountability to demonstrate the extent to which the University attains its mission and strategic objective.



The University receives expendable and endowed funds from a variety of stakeholders. The primary source of University revenue is fees from students for tuition and residence followed by Provincial grants. There were no increases in tuition fees from fiscal 2008 to 2009, while residence and board fees increased by 3.4% over the prior year's. Provincial operating grants for all New Brunswick universities increased 3% over fiscal 2008 and the equivalent to a 5% tuition increase was provided by the Province through additional grant funds.

Chart 13 - Bequests, Trusts & Donations



The third and fourth largest sources of revenue are donations and investment income. Unlike almost all other Canadian universities Mount Allison has no external debt and, consequently, no debt service costs.

Endowed donations increased significantly in fiscal 2009 due to the receipt of over \$3 million in unrestricted bequests. These bequests have been endowed to support future generations of students and faculty.

The market value of the University's endowed funds declined in fiscal 2009 due to market conditions. Consistent with almost all North American universities Mount Allison invests endowed funds in a variety of asset classes to provide a long term rate of return that will provide students and faculty with the same benefits in the future as they currently receive.

Chart 14 - Endowment Funds

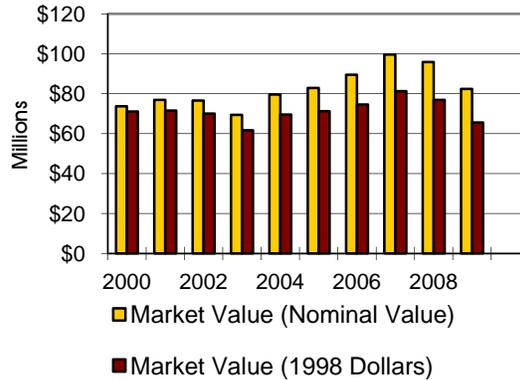
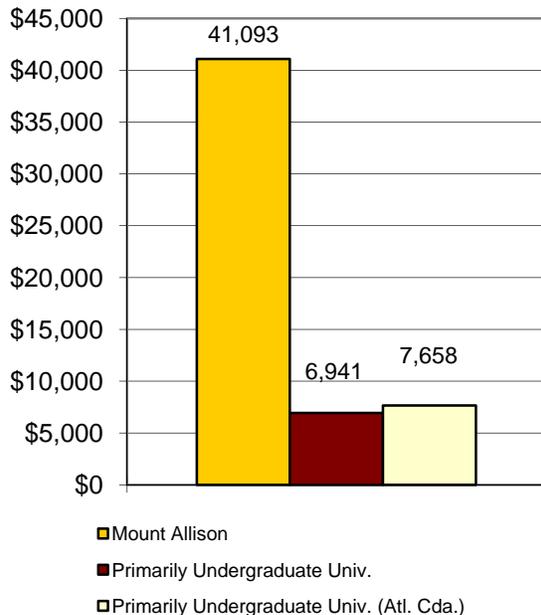


Chart 15 - Endowment Funds per FTE Student



Mount Allison has the second highest endowment per student of all Canadian universities after Victoria University at the University of Toronto and significantly more than the average Canadian and Atlantic Canadian primarily undergraduate university.

This large endowment provides support for student financial aid and faculty activities that otherwise would not be possible.

Charts – Sources of Data

Chart 1	Mount Allison University Financial Statements
Chart 2	Mount Allison University Financial Statements
Chart 3	Mount Allison University Financial Statements
Chart 4	Statistics Canada CAUBO Report and Association of Universities and Colleges of Canada
Chart 5	Mount Allison University, Financial Services
Chart 6	Mount Allison University, Financial Services
Chart 7	Mount Allison University, Student Services
Chart 8	Mount Allison University, Financial Services
Chart 9	Mount Allison University, Financial Services
Chart 10	Mount Allison University, Financial Services
Chart 11	Mount Allison University, Financial Services
Chart 12	Mount Allison University, Financial Services
Chart 13	Mount Allison University, Financial Services
Chart 14	Mount Allison University, Financial Services
Chart 15	Canadian Association of University Business Officers