

REVIEW OF OPERATIONS
(Unaudited)
April 30, 2011



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, 2011 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 associated with the primary teaching and research function of the University. In fiscal 2011 the General Operating Fund ended the year with \$1,121,000 which included \$1,110,000 of reserves with which it started the year. These reserves will be appropriated to support the fiscal 2012 budget. The remaining amount, \$11,000 was appropriated to cover design costs of the planned Fine and Performing Arts Centre.

The year end General Operating Fund result of \$11,000 was very close to the overall plan of having no surplus or deficit even though international tuition exceeded budget, utilities were less than budget and we had higher than expected scholarship and pension contribution costs.

The second largest fund is the Ancillary Fund which accounts for the University's residence, dining, bar services, conference, bookstore, and retail operations. These operations are completely supported by their own revenue and do not receive any government grants. The residence, conference and dining operation had a successful year, appropriating \$1,060,000 to support its share of the costs of the McCain Student Centre. The summer conference operation was particularly busy as Mount Allison hosted athletic teams competing at the 2010 World Junior Track and Field Championships held in Moncton, N.B.. The bookstore, retail clothing and retail dining operations all had small year end appropriations consistent with their individual budgets.

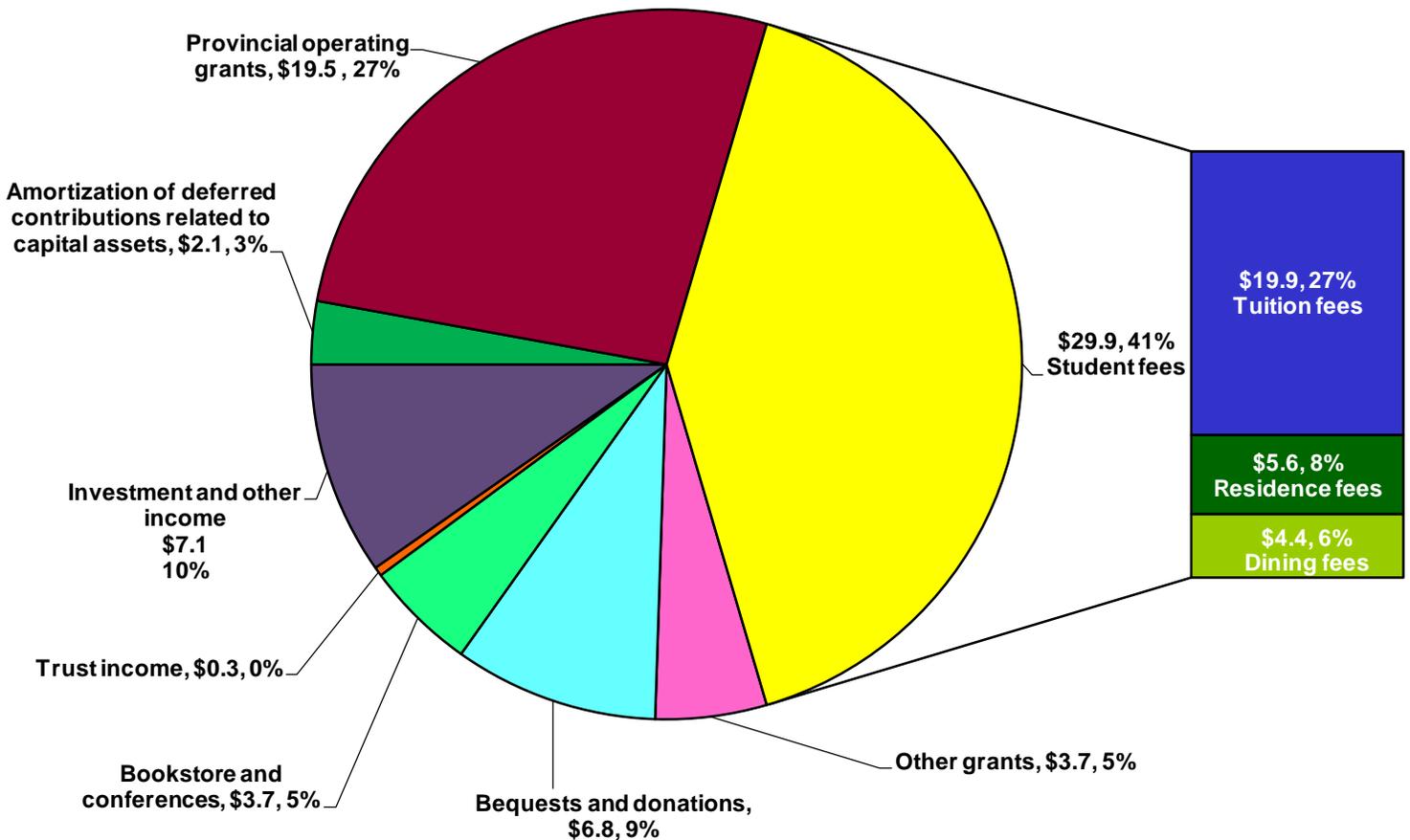
The University receives significant support from donors in the form of expendable and endowed donations. The University received \$6,500,000 of donations and bequests this fiscal year. Over \$3,500,000 of these donations have been endowed to provide support to current and future generations of students and faculty. The University's General Endowment returned 12.3% for the year ended March 31, 2011. The University has the 2nd largest endowment per student in Canada and the 23rd largest overall endowment.

The University ended the financial year with assets of \$215,000,000, liabilities and deferred contributions of \$69,000,000 and net assets of \$146,000,000. Consistent with prior years the University has no external debt.

Part A

CHART 1

Total University Revenue by Type
(Millions)

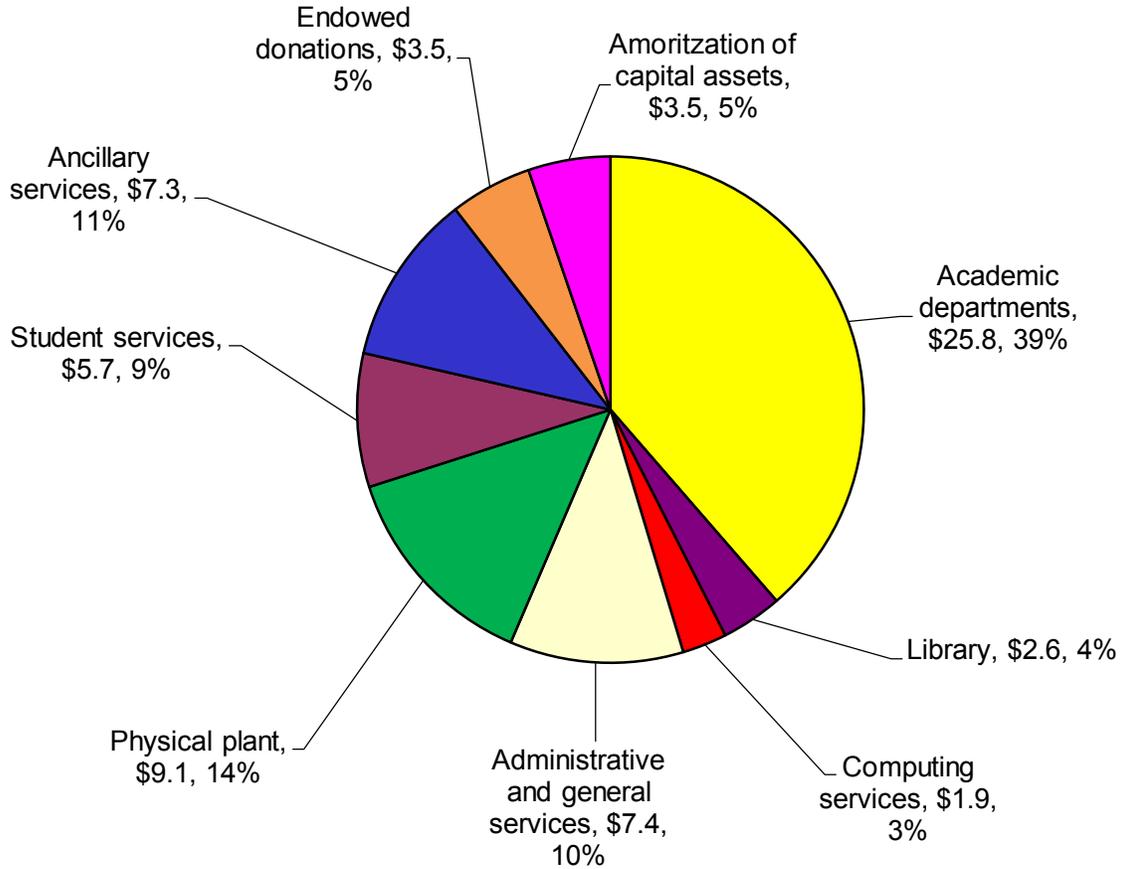


University revenue comes from four main sources. These sources include student payments for tuition, residence, meal plan and bookstore services; grants from the Provincial government, Federal government and other sources; gifts received as donations, bequests, and trust income; and investment income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

The University exceeded its enrollment targets for international students in 2011 and consequently exceeded its revenue targets for tuition.

CHART 2

Total University Expenditures by Type (Millions)



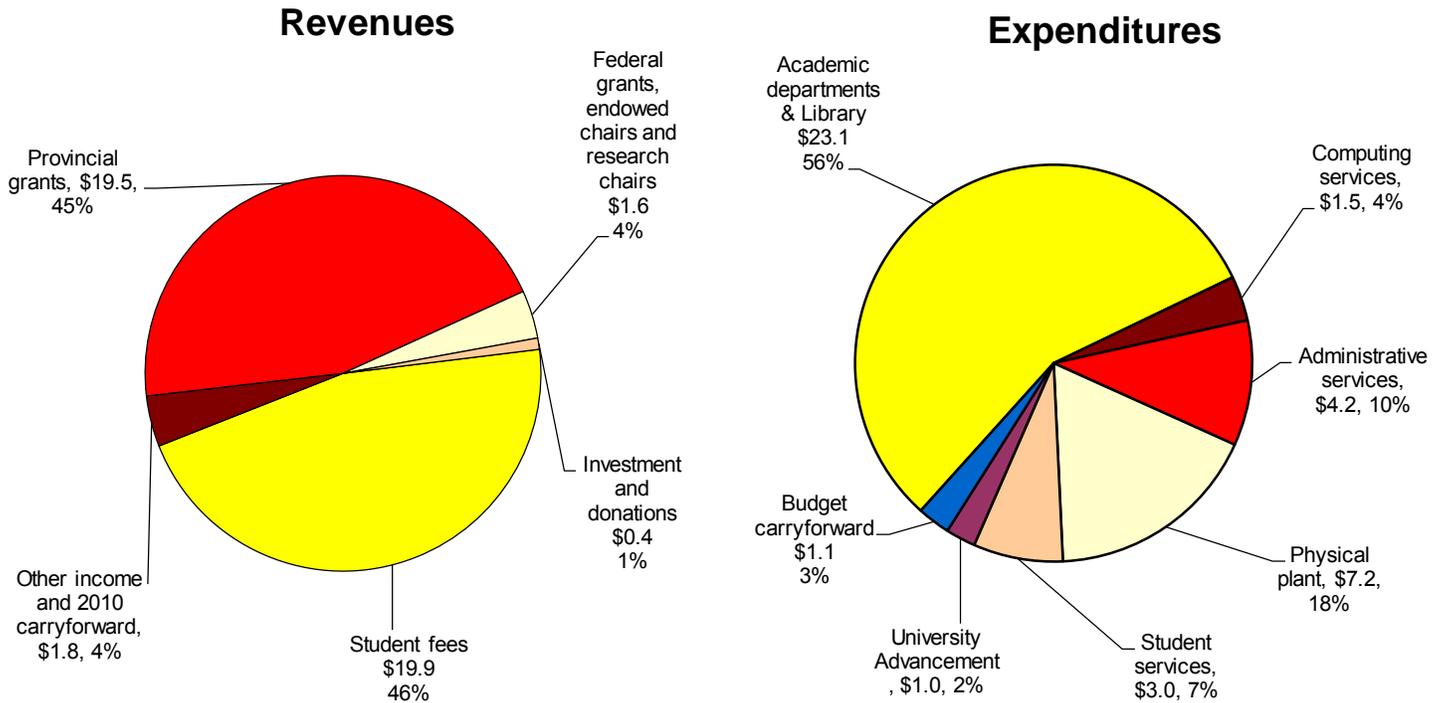
University spending, including endowed donations added directly to endowment funds, totaled \$66.8 million in 2011 as compared to \$65.5 million in 2010.

The largest allocation of expenditures was \$28.4 million directed towards Academic Departments and the Library. Spending in this area increased \$1.8 million or 7% as compared to the prior year. Academic Departments and the Library represented 43% of total University costs this year as compared to 41% in the prior year.

Salaries and other forms of compensation represent the largest type of expenditure with utilities, meal plan costs, and financial aid representing significant amounts. Beginning in fiscal 2011 the University launched a Green Initiatives Budget to reduce the University's carbon footprint and utility usage.

CHART 3

General Operating Fund Revenue and Expenditures (Millions)



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 physical plant and administrative costs. The focus on academic departments and libraries has been consistent for a number of years.

In fiscal 2011 there was no increase in student tuition over the prior year. The base government operating grant increased 3% and the Provincial Government provided additional funds to offset the freeze in tuition.

The University was able to carry over \$1,110,000 at year end to support the fiscal 2012 budget. This was possible because the University did not have to use its provision for revenue shortfall or its emergency reserve during the course of the year, and even though financial aid and pension costs exceeded budget significantly. These over expenditures were offset by positive variances due to actual enrollment exceeding budget and utility costs being lower than budget.

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

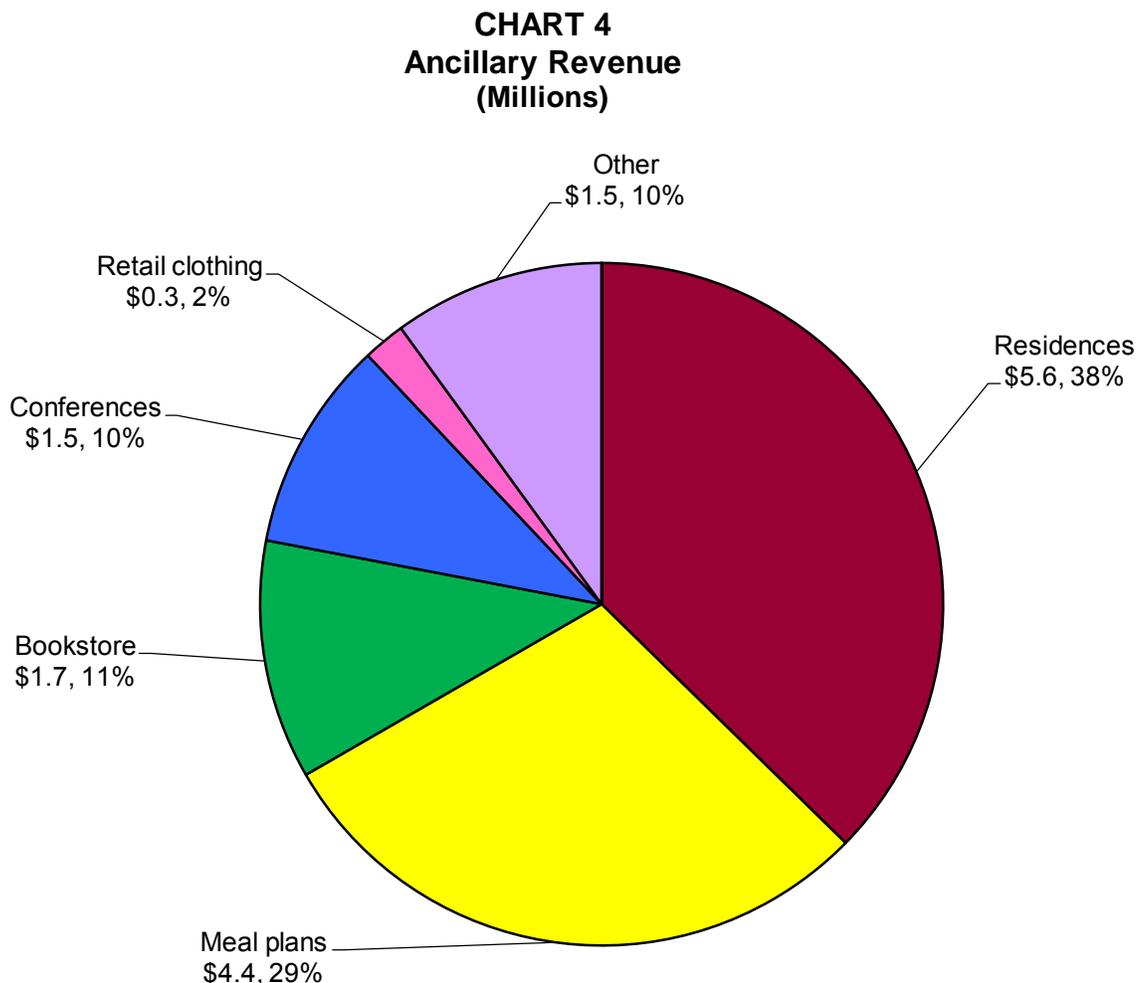
The residence and conference operation contributed \$1,018,000 to the construction of the Wallace McCain Student Centre and to previously made improvements to Jennings Dining Hall.

The bookstore had a year end surplus of \$104,000 which was appropriated to support construction costs of bookstore facilities in the new Student Centre. Textbook and fine arts supply prices are set to ensure the bookstore covers its costs but does not generate any profits.

The Conference operation benefited from hosting athletic teams competing at the 2010 IAAF World Junior Track and Field Championships held in Moncton, N.B.

The retail clothing and retail dining operations year end surpluses of \$41,000 and \$42,000 were also appropriated to support retail space construction costs in the new Student Centre. The retail clothing operation 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 Wallace McCain Student Centre and the Flying Bean coffee bar in the Ralph Pickard Bell Library.

The following chart breaks out the Ancillary Operating Fund operations' \$15 million of revenues.



Part B

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

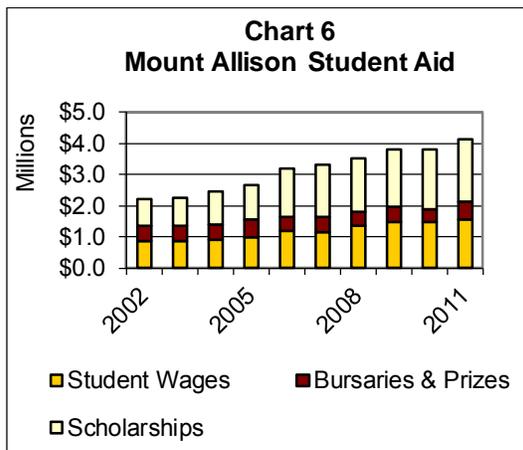
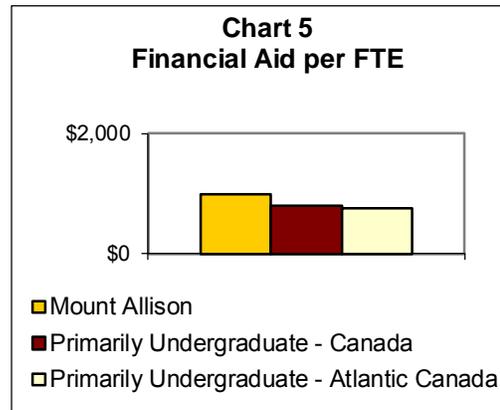
- Student Recruitment and Retention: the challenges and opportunities we face in attracting qualified students to Mount Allison;
- The Academic Experience – Quality and Differentiation: the challenges of maintaining an academic experience for Mount Allison students that is unique and of top quality;
- 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.

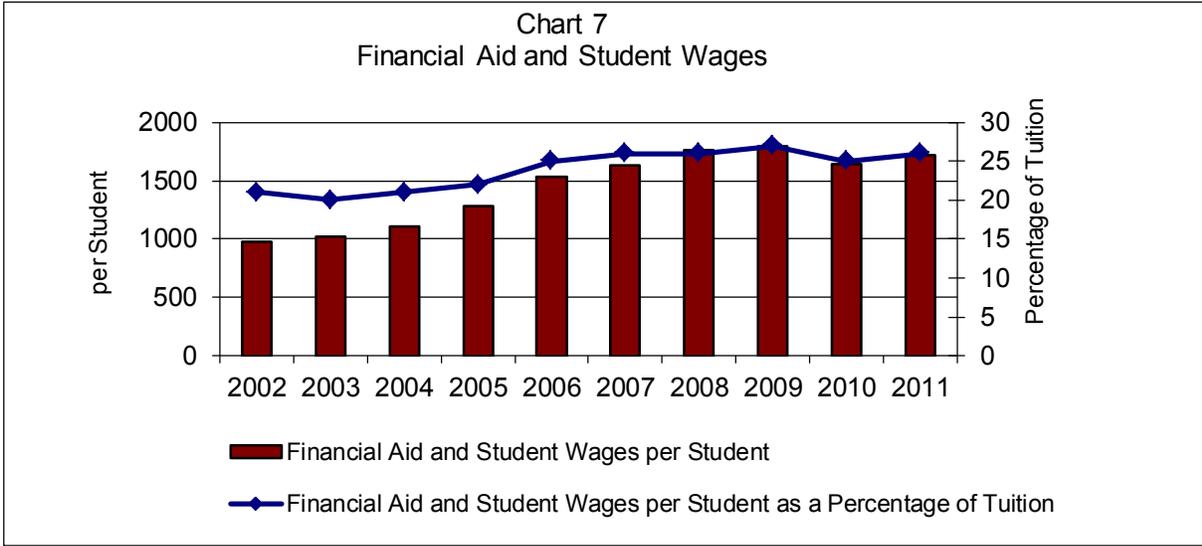
The University successfully achieved its tuition revenue target this past year without compromising the quality of incoming students.

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.

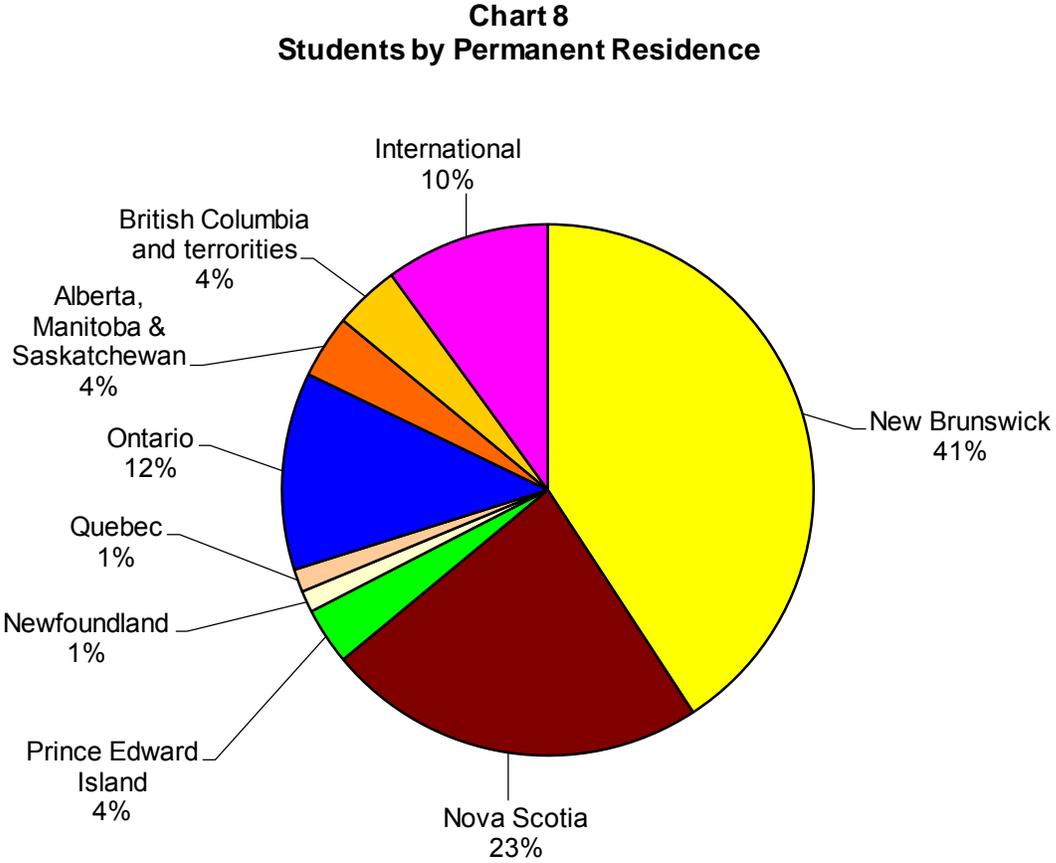


Expenditures on scholarships, bursaries, prizes and student wages have consistently increased over the past ten years. Financial aid spending represents the largest budget item in the endowment fund budget and is the third largest University expense after salaries and utilities. For the first time the University spent over \$4.0 million in one year on financial aid and student wages.

Financial aid as a percentage of tuition has remained consistently around 25% over the past three years. Mount Allison Students, in addition to receiving financial aid from University funds, successfully compete for national and international entrance and graduate scholarships such as Rhodes, Graduate NSERC, National Merit and Loran awards. This year was marked by the announcement of Mount Allison's 49th Rhodes Scholar. Mount Allison ranks 1st amongst primarily undergraduate universities for the number of students who have won national awards.



Mount Allison contributes to the development of New Brunswick by giving New Brunswick students an opportunity to interact with individuals from every region of Canada and from over 40 other countries. This geographic mix has been stable for a number of years and helps enliven Mount Allison student experience.



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 is able to provide a high quality educational experience due to the low, 17:1, student faculty ratio and high proportion of full time faculty. Mount Allison has one of the lowest student faculty ratios of any Canadian university.

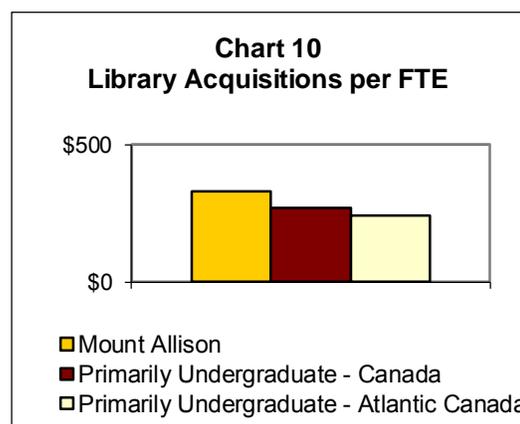
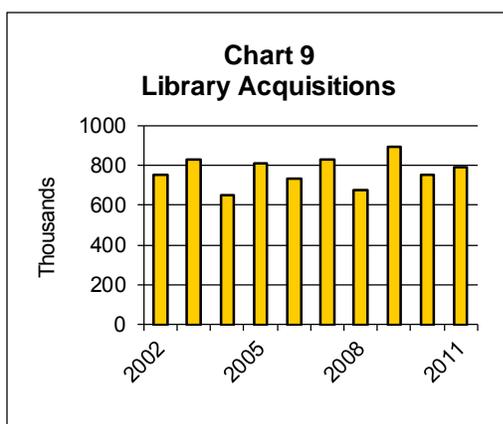
The University is looking to improve the academic experience through its Academic Renewal Plan. The Plan, developed in a collegial fashion, provides a road map to establish Mount Allison as the best undergraduate university in Canada and one of the best in North America.

The University provides students with academic opportunities through summer research fellowships, courses delivered in foreign countries, exchange programs with other universities and field trips to various locations.

The University funds approximately 40 summer research fellowships each year. Many departments employ students as lab assistants and tutors.

Many students complete honours programs supervised by 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.



A survey of student engagement at North America universities indicates Mount Allison ranks at the top, or near the top, of Canadian universities in the categories of academic challenge, student faculty interaction, active and collaborative learning, enriching education experience and supportive campus environment.

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.

Extra curricular activities provide opportunities for students to become engaged locally and globally. Students work with local children of all ages with different physical and mental abilities through the S.M.I.L.E. program, while other students provided sustainable health care solutions in Honduras through Global Medical Brigades.

The University’s annual President’s Speaker Series provides an opportunity for students to explore a particular theme through lectures and discussions with internationally renowned figures. The most recent series, focusing culture and creativity, included Thomas King, Jian Ghomeshi, Lyn Heward, Cynthia Dale, Steven Pinker and Rebecca Goldstein.

- Residence Life Programming
 - o Grants allocated to residences to support unique, inclusive, community building activities
 - o Academic advising specifically tailored to residence life
- Leadership Mount Allison
 - o Over 500 separate projects funded since its inception in 2000
 - o Funding provided in 2011 for 3 curricular and 14 co-curricular projects
- Student Societies
 - o Almost 100 active separate student societies in 2011
 - o Societies range from musical (Garnet and Gold) to academic (History Society) to community focused (Habitat for Humanity)
- Athletics
 - o Opportunities to compete at all skill levels in a variety of sports
 - o 126 intramural sports teams involving over 1,000 students
 - o 9 club sports
 - o 6 Canadian Interuniversity Sports teams
 - o 4 Canadian College Athletic Association teams
- Employment Opportunities
 - o Over 100,000 hours of direct student employment
 - o Leadership opportunities as Assistant Dons and Residence Assistants

Component 4 – The Faculty Experience

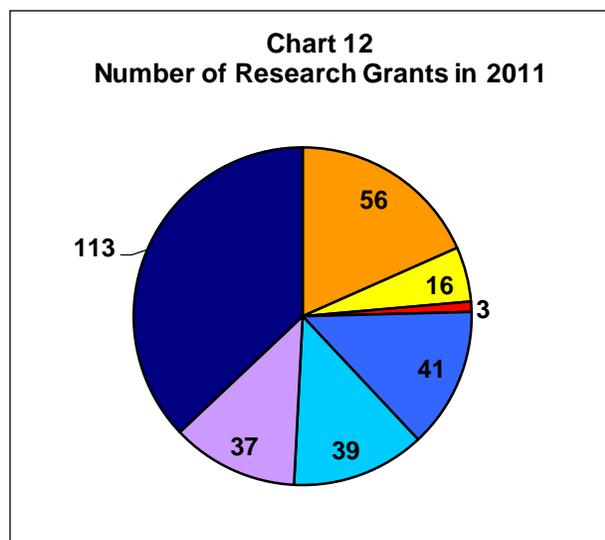
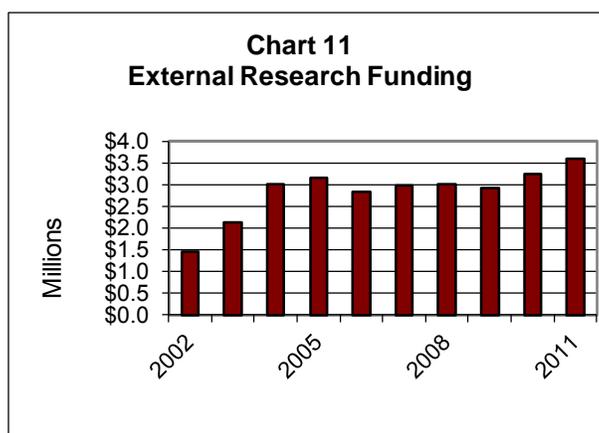
Attract and retain high quality faculty and assist in their professional success in a balanced teaching, research and service environment.

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.

Over the past five years the University has averaged over \$3.2 million, or over \$23,000 per full time faculty member, of research funding.

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



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

- The University administered 305 research grants in fiscal 2011.
- 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. In addition, the University provided \$433,000 to support individual professional development grants for each full time faculty member.
- New funding was received to support research in areas such as green chemistry, nanostructured materials, arsenic monitoring and infant development.
- Research funding was used to support over \$500,000 in student research summer fellowships and wages.

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 that the University must provide processes and facilities that consider social, ecological and economic priorities and balance the needs of current and future students and faculty.

This will be accomplished, in part, by an ongoing financial sustainability project that will aid resource allocation and identify financial opportunities.

People

The most significant University expense relate to salaries and benefits. The University has embarked on a campus wide leadership development and training initiative aligned to the strategic plan. As compared to other universities Mount Allison is exposed to few post retirement liability risks and has fully funded non pension liabilities. The University is well positioned to manage the impact of the recent economic downturn on the University's pension plans.

Facilities

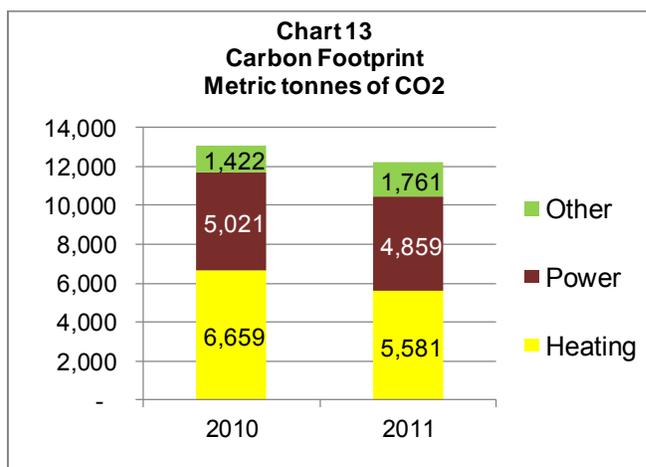
In order to sustain its facilities, a university must spend, depending on their complexity and other factors, and even if there were no deferred maintenance, from 2% to 4% of their replacement value each year on renewal and adaptive maintenance. Over the past fifteen fiscal years the University has spent \$99.7 million on its facilities. On average, each year, the University has spent 2.4% of replacement value on its academic facilities and 3.2% on ancillary facilities. Mount Allison University is one of the few universities with a budget policy that sets out minimum spending on facility upkeep.

Budget

The University has maintained balanced budgets over at least the last 15 years, integrates annual operating budgets with long term capital and equipment budgets, and targets savings from energy efficiency and carbon reduction projects to fund similar projects.

Carbon Footprint

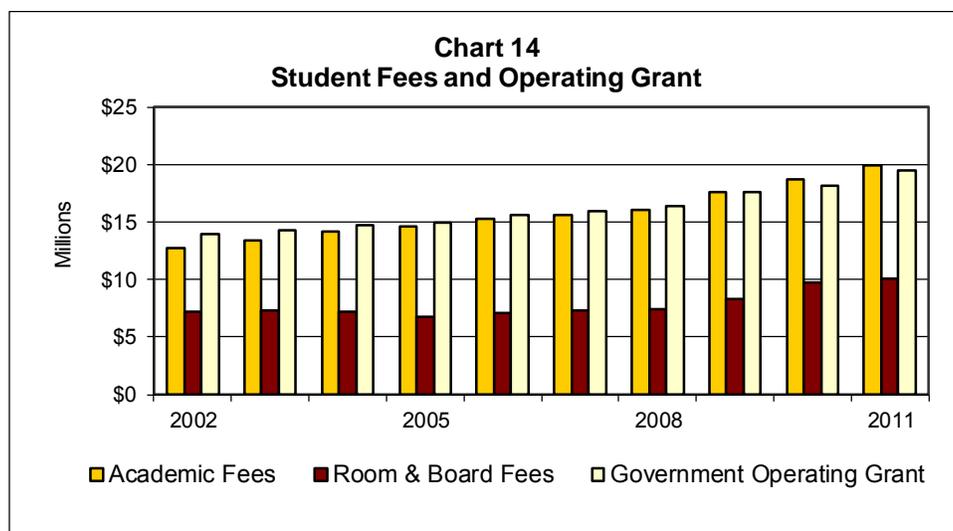
The University's carbon footprint totaled 12,201 metric tonnes for the one year period ended April 30, 2011. The University converted its central boilers from bunker oil to natural gas. This conversion resulted in a 1,078 tonne or 16% reduction in greenhouse gases related to heating over the prior year. Chart 13 breaks out the major sources of the University's carbon emissions by fiscal year. The "Other" category includes research, course-based and administrative travel.



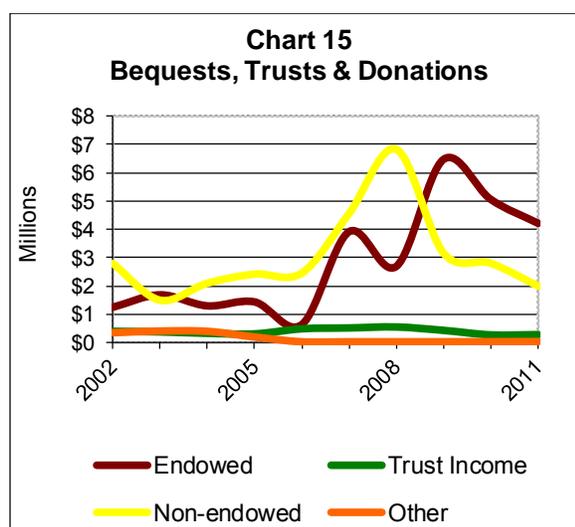
Component 6 – Accountability

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

During the past year the President and senior administrators visited numerous cities across Canada and the United States to meet with alumni and other stakeholders. University officials also met regularly with Federal and Provincial government officials concerning issues related to Mount Allison and post-secondary education.



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. Tuition fees did not increase from fiscal 2008 to 2011, while residence and board fees increased by 4% from fiscal 2010. The base Provincial operating grants for all New Brunswick universities increased 3% in fiscal 2011 while the tuition freeze grant increased by 4%. The tuition freeze increase was based on planned enrollment estimates.

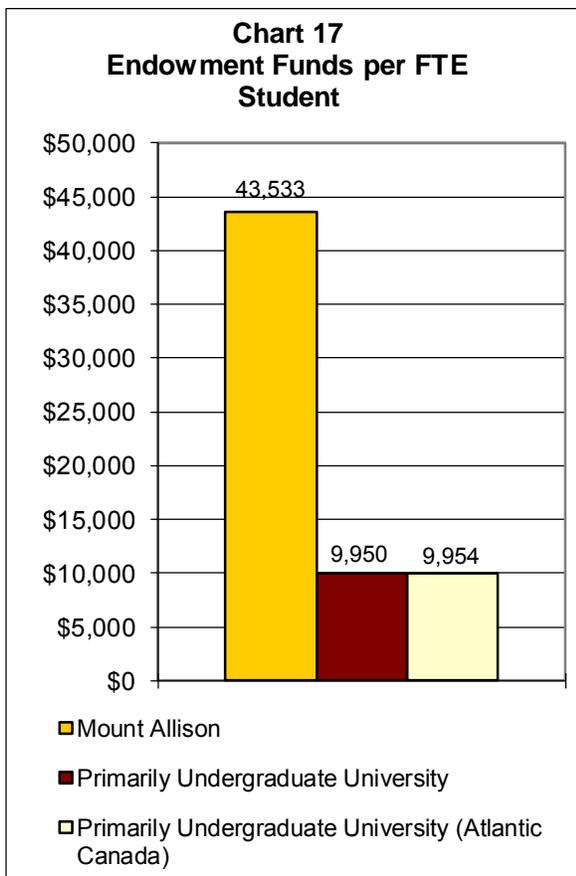
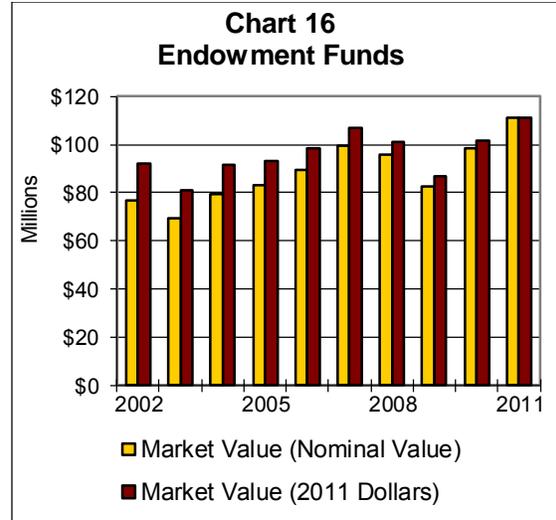


The University's General Endowment Fund returned 12.3% for the year ended March 31, 2011 while the University's general endowment fund achieved top quartile results as compared to Canadian university endowments for the 2010 calendar year.

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.

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.

Endowment donations exceeded \$3 million in fiscal 2011. These bequests and donations support current and future generations of students and faculty.



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	-	Mount Allison University Financial Statements
Chart 5	-	Statistics Canada CAUBO Report and Association of Universities and Colleges of Canada
Chart 6	-	Mount Allison University, Financial Services
Chart 7	-	Mount Allison University, Financial Services
Chart 8	-	Mount Allison University, Student 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 ¹	-	Mount Allison University, Financial Services
Chart 14	-	Mount Allison University, Financial Services
Chart 15	-	Mount Allison University, Financial Services
Chart 16	-	Mount Allison University, Financial Services
Chart 17	-	Canadian Association of University Business Officers

¹ Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.