



The King's University  
2019-20 Annual  
Report

For fiscal year ended 31 March 2020  
Submitted 30 September 2020

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## Accountability Statement

The King's University's Annual Report for the year ended March 31, 2020 was prepared under the Board of Governor's direction in accordance with ministerial guidelines. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

A handwritten signature in black ink, appearing to read "Harry Kits".

Harry Kits, Chair  
Board of Governors,  
The King's University

## Management's Responsibility for Reporting

The King's University's management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in the Annual Report, including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information and to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized and executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The Finance Committee of the Board of Governors provides oversight in the development of the consolidated financial statements and the accompanying management discussion and analysis. Kingston Ross Pasnak performs an annual independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

The Annual Report has been approved by the Board of Governors and is prepared in accordance with Ministerial guidelines.

Signature



Harry Kits  
Chair, Board of Governors

Signature



Melanie Humphreys, PhD  
President, The King's University

## President's Message

On behalf of The King's University, I am pleased to present the University's annual report to the Minister of Advanced Education for the year ending March 31, 2020.

The 2019-2020 year was a year of celebration for The King's University. We took every opportunity to celebrate our 40th anniversary as a Christian university serving to build a more humane, just and sustainable world. Celebrations that were curtailed somewhat with the onset of the COVID-19 pandemic. Our first notification to the community regarding the pandemic was March 4. Two weeks later and we had transitioned successfully to online classes and to having only essential services personnel on campus. The speed by which we were able to respond and adjust to this global crisis speaks volumes to the dedication and commitment of King's faculty and staff to students and to our community.

King's is an active member of Alberta's adult learning system. From the outset, we have maintained a strong emphasis on excellence in both teaching and research. We believe that students are best served by faculty who are not only experts in their field and contributing to the advancement of knowledge but are dedicated to engaging students in that pursuit as well. This Annual Report 2019-20 to the Minister of Advanced Education highlights the achievements of our students, faculty, and staff as we fulfil our mandate.

Our work has been focused on filling the commitments of our *Shared Vision 2020* strategic plan. Among the most significant initiatives we undertook to fulfil these commitments in 2019-20 were: a steady increase to student numbers; the launch of a donor-funded Academic Enrichment Centre; the launch of a justice semester through the Micah Centre; and a major step towards financial sustainability with a second-year ending with a surplus. With COVID-19, the strategic planning we were engaged in to replace *Shared Vision 2020*, which has run its course, came to a halt. We have built an interim plan to guide our decision-making based on the pre-COVID work of the Board of Governors, an Academic Initiatives Taskforce, and the unrelenting work that has gone into designing the fall semester. Strategic planning will continue once we are past the start-up of the semester.

A significant proportion of the institutional budget continues to go towards making a King's education affordable for students through bursaries and scholarships. The government operating grant to King's in 2019-20 was 25.4% of revenues, well below the targets in the MacKinnon report of 36-44%. Currently, students bear 49% of the costs of a degree from King's. An increase in the operating grant would level the playing field for King's students and allow us to shift closer to the preferred mix of revenue resources described by the government's blue-ribbon panel.

King's accepts all students who qualify academically, and we are deeply committed to serving all students who attend our university. It is said that good jobs begin with a good education. When I engage with our students and alumni, I am hopeful for our future. Our graduates have what it takes to succeed

in a changing economy. I am incredibly proud of how King's equips and inspires the next generation for the challenges that face our world.

A handwritten signature in black ink, reading "Melanie Humphreys". The signature is fluid and cursive, with the first name "Melanie" written in a larger, more prominent script than the last name "Humphreys".

Melanie Humphreys, PhD  
President, The King's University

## Public Interest Disclosure (Whistleblower Protection) Act

The Alberta Public Interest Disclosure (Whistleblower Protection) Act (PIDA) came into force on June 1, 2013. PIDA facilitates the disclosure and investigation of wrongdoing in the public sector and protects public employees from reprisals for making a disclosure. While not technically part of the public sector, The King's University is one of the twenty-six publically funded post-secondary institutions in Alberta.

The King's University (the "University") is committed to the highest standard of legal, fiscal, and ethical behaviour. The University provides a positive, supportive environment whereby employees can seek advice and make a disclosure of wrongdoing without fear of reprisal. A commitment to preserving the confidentiality of employees and all records or information is of primary importance to the University. A Whistleblowers policy was approved by the Strategic Leadership Team on November 13, 2018.

## About The King's University

The King's University is one of five Independent Academic Institutions that are part of Campus Alberta. As such, King's operates within the framework of the 2007 Government's Roles and Mandates Policy Framework for Alberta's Publicly Funded Advanced Education system. With respect to Independent Academic Institutions this Policy Framework states the following:

***Independent Academic Institutions*** will provide primarily liberal arts, science, and education baccalaureate programs. They may offer graduate programming in niche areas where demand warrants, and in areas that do not duplicate existing graduate program offerings. Applied research and scholarly research activity may be conducted as a basis to enhance the instructional mandate of these institutions within degree program disciplines.

Established by Private Act (The King's University College Amendment Act, SA 2015 c26), The King's University has the authority to provide instruction and research in the liberal and fine arts, the humanities, theology, the physical, natural and social sciences, professional studies, and any other fields of study the Board of Governors may determine. The University has the authority to confer baccalaureate, masters, and doctoral degrees and awards, diplomas, certificates of merit and proficiency in other areas of learning.

The Mission of The King's University is to provide university education that inspires and equips learners to bring renewal and reconciliation to every walk of life as followers of Jesus Christ, the Servant-King.

The King's University's Vision is to be widely known as a Christian university serving to build a more humane, just and sustainable world.

As a Christian undergraduate university, The King's University offers the following undergraduate programs:

*Table 1 Degrees Offered*

| <i>Degree</i>                        | <i>Duration</i> | <i>Number of Disciplines</i>           |
|--------------------------------------|-----------------|--|
| Bachelor of Arts                     | 3 year          | 10                                     |
| Bachelor of Arts                     | 4-year          | 7                                      |
| Bachelor of Science                  | 3-year          | 2                                      |
| Bachelor of Science                  | 4-year          | 4                                      |
| Bachelor of Commerce                 | 4-year          | 1                                      |
| Bachelor of Music                    | 4-year          | 1                                      |
| Bachelor of Education (after degree) | 2-year          | 1 – Elementary and Secondary Education |



With respect to Governance, The King's University has a bicameral model of university governance. As a non-profit charitable corporation, The King's University is controlled by a Board of Governors elected annually from among and by the supporters of the University. The Executive Committee of the Board of Governors meets four times a year and acts on behalf of the Board of Governors during the time between its three meetings per year. The University's Senate, composed of board members, external academics, faculty, staff, and students oversees the academic and co-curricular programming and it advises the Board of Governors on these matters.

## Operational Overview

The King's University's 2019 Comprehensive Institutional Plan had some well-defined goals as to what should be accomplished in the 2019/20 academic year. This annual report shows that some of these goals were reached beyond expectation while others, due to unforeseen circumstances, did not fully materialize.

The 2019/20 academic year was a year of incremental enrolment growth. Student enrolment increased by 0.9% (based on FLE). In the 2019/20 academic year, we observed a decrease in the frosh retention rate from 70.8% in 2018/19 to 69.7%. The overall retention rate increased, from 75.9% in 2018/19 to 77.6% in 2019/20.

The total number of applications in the 2019/20 academic year was 689, down slightly from 696 in 2018/19. In 2019/20 the number of new admissions as a percentage of the number of applicants was 82.2%, as compared to 82.4% in 2018/19. The number of new students attending the university was 322 in 2019/20 (46.7% of applications). The number of new students in 2018/19 was 330 (47.4% of applications).

On the new academic program development front, The King's University is responding to student interest in a Kinesiology degree program. A proposal for a 4-year Bachelor of Kinesiology program has been developed. Implementation is awaiting funding. A proposal for an interdisciplinary Bachelor of Science degree has also been developed. In the latter, a student can select to take two concentrations. One of the concentrations that can be selected is in Kinesiology. The Interdisciplinary Science degree proposal will be submitted to the Ministry in October 2019.

The King's University faculty continues to be actively engaged in scholarship. Research sabbaticals are routinely granted, and scholarly expectations are part of the annual evaluation process. Faculty members are encouraged to apply for research grants. Upon receiving a major research grant a faculty member can apply for a reduction in teaching responsibilities in order to devote more time to research. The involvement of undergraduate students in faculty research projects is steadily increasing.

The University was successful in its resubmission of a revised nomination for the Tier II Canada Research Chair position previously awarded. The focus of this Canada Research Chair is on the Continental Philosophy of Religion.

King's has been allocated two more Tier II Canada Research Chairs in 2018/19 the university submitted two more nominations. One of the nominations was successful. As a result, the university has a Tier II Canada Research Chair in Modern Literature and Print Culture, held by a tenured faculty member in the English department.

The University continues to operate in a very constrained fiscal environment. Although very grateful for the increase in enrollment in 2018/19, reaching the anticipated private donation revenue budget amount has proven to become a significant challenge. In the 2018/19 budget year, we were able to keep expenditures within the budget parameters resulting in an operational surplus of \$143,848.

## Goals, Priority Initiatives, Expected Outcomes and Performance Measures

The King's University's 2016-2019 Comprehensive Institutional Plan identified the following goals to pursue over three years:

1. Serve community
2. Strengthen teaching and research
3. Equip student success
4. Empower people
5. Advance sustainability

Each of these five goals has several priority initiatives that are reported below.

| Type                        | Description   | Expected Completion Date and Status (from CIP) | Progress Made in Last 12 Months  | Revised Expected Completion Date |
|-----------------------------|---|--|--|----------------------------------|
| <b>Goal 1</b>               | <b>Serve Community</b><br><br>The University will prioritize community engagement efforts that cultivate vibrant relationships of mutual service, partnership and exchange. |  |  |                                  |
| <b>Priority Initiatives</b> |   |  |  |                                  |
| P1.1                        | Cultivate relationships and collaboration with the indigenous peoples of Alberta.   | In progress                                    | Formal acknowledgement of indigenous graduands at the university's graduation convocation ceremony.  | ongoing                          |
| P1.2                        | Pursue partnerships and collaboration with national and international Christian higher education institutions.  | In progress                                    | No new partnerships and collaborations were developed in 2019-20.  | ongoing                          |
| <b>Expected Outcomes</b>    |   |  |  |                                  |
| EO1.1.1                     | Acknowledge Treaty 6 indigenous peoples and traditional territories at significant ceremonial   | Complete                                       | Incorporation of an Indigenous ceremony for graduating Indigenous students within the annual Graduation Convocation held at the end of the academic year, usually the last weekend in April. | April 2019                       |

events (e.g. Convocation).

|         |   |             |   |         |
|---------|---|-------------|---|---------|
| EO1.1.2 | Create an Indigenous Initiative Circle  | Complete    |   |         |
| EO1.1.3 | Curricular changes that cultivate relationships and collaboration with the indigenous peoples of Alberta. | In progress | Individual faculty members have been learning how and what to change in their courses | Ongoing |
| EO1.2   | Develop opportunities for intercultural learning, student exchange and faculty research collaboration.    | In progress | Approximately 40 students collaborated with faculty members on research projects.     | Ongoing |

**Performance Measures**

|          |  |             |   |         |
|----------|--|-------------|---|---------|
| PM1.1.1a | Create guidelines for acknowledgement of indigenous peoples and lands at ceremonial events.  | Complete    | The University has adopted guidelines for the acknowledgement of indigenous graduates at the annual graduation convocation at the end of the academic year. |         |
| PM1.1.1b | Visit First Nations institutions in Alberta for the purpose of learning, honouring and relationship building.  | In progress | Not accomplished  | Ongoing |
| PM1.1.2  | Connect with Indigenous students, local elders, and experts  | In progress | The Indigenous Initiative Circle participated in the summer institute on reconciliation   | Ongoing |
| PM1.1.3  | Expand transfer agreements with Blue Quills First Nations College, Maskwacis Cultural College and Yellowhead Tribal College; as well as engage the other First Nations institutions in the province. | In progress | Nothing New   | Ongoing |
| PM1.2a   | Sign Memorandum(s) of Understanding with international Christian   | Complete    | No additional Memorandums of Understanding have been signed.  | Ongoing |

higher education institutions.

|        |  |           |  |         |
|--------|--|-----------|--|---------|
| PM1.2b | Implement courses that have international travel components. | Completed | Implemented a Justice Semester with a component in Mexico<br><br>Leder School of Business held a course that visited South Korea | Ongoing |
|--------|--|-----------|--|---------|

**Goal 2 Strengthen Teaching & Research**

The University will prioritize the development of innovative programs, pedagogy, research and practices that engage students, alumni and the community.

**Priority Initiatives**

|      |   |             |   |                |
|------|---|-------------|---|----------------|
| P2.1 | Develop a fresh articulation of the university's foundations curriculum and its relationship to the various degree programs.  | Complete    | The King's Common Curriculum (KCC) was implemented starting with the 2019-20 academic year. |                |
| P2.2 | Launch five new academic programs that advance the university's mission and vision.   | In progress |   | September 2020 |
| P2.3 | Establish an interdisciplinary Centre for Christian Thought and Action. The focus of this centre is to sustain, promote, and invite Christian philosophical and theological reflection within, upon, and across all university disciplines. | In progress | Awaiting funding and staffing   |                |
| P2.4 | Enhance scholarly output by developing research centers and securing Canada research chairs   | In progress |   |                |

**Expected Outcomes**

|       |   |         |  |  |
|-------|---|---------|--|--|
| EO2.1 | Greater student awareness of the significance and | Ongoing |  |  |
|-------|---|---------|--|--|

importance of the foundations curriculum in their area of study.

|         |  |             |  |            |
|---------|--|-------------|--|------------|
| EO2.2.1 | Students graduating with a 4-year Bachelor of Arts in Sociology degree.  | Complete    |  |            |
| EO2.2.2 | Students graduating with a 4-year Bachelor of Kinesiology degree.  | April 2024  | The university has delayed the implementation of a 4-year Bachelor of Kinesiology degree. Awaiting adequate funding. | 2020       |
| EO2.2.3 | Students graduating with a 4-year Bachelor of Interdisciplinary Sciences degree.   | April 2023  | The proposed program needs to be approved by the Ministry of Advanced Education.                                     | April 2024 |
| EO2.2.4 | Students graduating with a 4-year Bachelor of Commerce degree with majors in Accounting and Management.  |             |  | April 2026 |
| EO2.3   | Organize and host an international conference on the Continental Philosophy of Religion and publish the conference proceedings in a peer-reviewed journal. | Summer 2021 | Plans are being made to host the Society for Continental Philosophy and Theology meeting in Edmonton                 | 2021       |
| EO2.4.1 | Establish three Canada Research Chairs (CRC)   |             | Two have been established  | 2021       |
| EO2.4.2 | Establish a centre for Transition to Sustainability  |             |  | 2023       |

**Performance Measures**

|         |   |          |  |  |
|---------|---|----------|--|--|
| PM2.1.1 | Implement a refreshed foundations curriculum that has well-defined student learning outcomes and that forms | Complete | The new Foundations curriculum, entitled The King's Common Curriculum (KCC), was implemented with the start of the Fall term of the 2019-20 academic year. |  |
|---------|---|----------|--|--|

an integral part of the various degree programs.

|          |   |          |   |           |
|----------|---|----------|---|-----------|
| PM2.1.2  | Create web and print-based resources that help students better understand the KCC and its importance for their career paths |          | Descriptions of the KCC have been made available on the website, academic calendar, and for recruiters.   | Ongoing   |
| PM2.2.2a | Implement a Sport and Recreation Theme in the 3 yr B.A. Social Science Group.   | Complete | This allows students interested in teaching physical education in schools to complete a teachable major before entering the B.Ed. after degree. |           |
| PM2.2.2b | Implement a Kinesiology concentration in the B.Sc. Interdisciplinary Science degree   |          | A faculty member in Biology/Kinesiology has been hired and will start in June 2021.   | Sept 2021 |
| PM2.2.3  | Submit a 4-year Bachelor of Science in Interdisciplinary Sciences program proposal to the Department of Advanced Education. | Complete |   |           |
| PM2.2.4  | Submit a 4-year Bachelor of Commerce with majors in Accounting and Management to the Department of Advanced Education.      |          | Initial work has been done to develop these majors.   | Sept 2021 |
| PM2.4.1a | Obtain a CRC in English   | Complete | Dr. Elizabeth Willson Gordon has been awarded a tier 2 CRC  |           |
| PM2.4.1b | Obtain a CRC in Transition to   |          | We have interviewed Dr. Adrien Beling and worked on developing his CRC application  | June 2021 |
| PM2.4.2  | Sustainability  |          |   |           |

**Goal 3 Equip Student Success**

The University will prioritize programs and practices that equip all learners to thrive through their academic career and a lifetime of active engagement in their communities.

**Priority Initiatives**

|      |   |             |   |         |
|------|---|-------------|---|---------|
| P3.1 | Establish an Academic Enrichment Centre to support students with a variety of academic needs and academic preparedness.                 | Complete    | The Academic Enrichment Centre officially opened Fall 2019.   | Ongoing |
| P3.2 | Develop campus spaces that foster well-being, learning, and community engagement, both for residential students and commuting students. | In progress | The building of the Academic Enrichment Center provided some new student spaces.<br><br>Renovations to the library added space for education resources<br><br>Additional soft seating areas have been provided around campus. | Ongoing |
| P3.3 | Develop and implement policy and procedures for Sexual Violence Prevention.   | Completed   |   |         |

**Expected Outcomes**

|         |   |             |  |         |
|---------|---|-------------|--|---------|
| EO3.1.1 | Develop baseline statistics and key performance indicators for student use of academic and personal support services. | In progress |  | Ongoing |
| EO3.1.2 | Target strategies for non-traditional, international and aboriginal students.   | In progress |  | Ongoing |
| EO3.1.3 | Create a Career Centre  | In progress | Space is allocated to the Centre in a common, visible location.  | 2020    |
| EO3.2.1 | Improve the use of the residence and academic building spaces   | In progress |  | Ongoing |
| EO3.2.2 | Renovate the cafeteria  | In progress | Cafeteria wired to handle a purchasing app. One wall was removed to open up the cafeteria space. Walls painted. Continued planning for the next phase. | 2024    |

**Performance Measures**



|         |   |             |  |         |
|---------|---|-------------|--|---------|
| PM3.1.1 | Compile statistics on the use of academic and personal support services.  | In progress |  | Ongoing |
| PM3.1.3 | Find a champion to build the career centre  | Completed   | Witty Sandle has agreed to develop and manage the new centre |         |
| PM3.2.1 | Survey the student population with respect to the functionality of the residences and the academic building spaces for community building and collaborative learning. | 2020        | COVID interrupted this plan                                  | 2021    |
| PM3.2.2 | Secure funds for the renovation   |             |  | 2021    |

**Goal 4 Empower People**

The University will prioritize practices that empower and equip people to thrive and develop.

**Priority Initiatives**

|      |   |         |  |  |
|------|---|---------|--|--|
| P4.1 | Create an effective employee engagement process by developing a new employee orientation and onboarding program. Provide regular training and development opportunities for employees. Participate in a “best workplace” survey for benchmarking and investing in best practices. | Ongoing | The Human Resources department has implemented a comprehensive Orientation Program Vision and Framework. |  |
|------|---|---------|--|--|

**Expected Outcomes**

|       |   |             |  |         |
|-------|---|-------------|--|---------|
| EO4.1 | Improve employee satisfaction with the onboarding, training, support, and development | In progress | The policy has been updated. Feedback is being solicited.<br><br>HR has developed an onboarding manual for managers. | Ongoing |
|-------|---|-------------|--|---------|

opportunities that exist within the University.

The professional Development policy is being updated by the Human Resources department.

**Performance Measures**

|       |  |             |  |      |
|-------|--|-------------|--|------|
| PM4.1 | Demonstrate an improvement in employee satisfaction with training, support, and development opportunities through a “best workplace” survey. | In progress |  | 2020 |
|       | The survey has been completed and the results are being discussed with the employees.  |             |  |      |

**Goal 5 Advance Sustainability**  
The University will prioritize financial and ecological sustainability.

**Priority Initiatives**

|      |  |                   |  |         |
|------|--|-------------------|--|---------|
| P5.1 | Develop and execute a Strategic Enrolment Strategy that increases the total undergraduate FLE to 1,000.            | 2025; In progress |  | Ongoing |
| P5.2 | Develop a strategy for cultivating new financial donors including the members of The King’s University Foundation. | In progress       | Continue identifying donors for approved projects such as the Micah Centre, the Academic Enrichment Centre, and the envisioned Science Centre. | Ongoing |
| P5.3 | Establish a multi-year plan for debt reduction.  | Ongoing           | No changes in the plan were made.  | ongoing |

**Expected Outcomes**

|       |  |             |  |         |
|-------|--|-------------|--|---------|
| EO5.1 | The University's Strategic Enrolment Management Plan calls for the following enrolments: | Ongoing     | The headcount for the 2017-18 academic year was 890.<br><br>The headcount for the 2018-19 academic year was 893.<br><br>The headcount for the 2019-20 academic year was 906. | Ongoing |
|       | <b>Enrolment<br/>Year (Headcount)</b>  |             |  |         |
|       | 2015 16  | 740         |  |         |
|       | 2016-17  | 777         |  |         |
|       | 2017-18  | 822         |  |         |
|       | 2018-19  | 914         |  |         |
|       | 2019-20  | 951         |  |         |
|       | 2020-21  | 1000        |  |         |
| EO5.2 | Increase in the number of financial donors.  | In progress | Identify capital and operation projects that can be donor-funded.  | Ongoing |
| EO5.3 | Decrease the University's accumulated debt.  | In progress | Reduction of \$1.4 million of debt in fiscal year 19-20.   | Ongoing |
| EO5.4 | Develop fiscally responsible fundraising plans for campus expansion.                     | In progress |  | 2021    |
| EO5.5 | Develop plans to achieve long-term financial sustainability.                             | Complete    | Planning to address business model inefficiencies and to address needed budget reallocations are ongoing. Ran first-ever consecutive year surplus.                           |         |

**Performance Measures**

|        |  |           |  |         |
|--------|--|-----------|--|---------|
| PM5.1a | An increase in the annual enrolment statistics. Attain 2019-20 enrolment of 950. | ongoing   | In the 2017-18 academic year, the enrolment was 890 (headcount).<br><br>In the 2018-19 academic year, the enrolment was 893 (headcount).<br><br>In the 2019-20 academic year, the enrolment was 906 (headcount). | Ongoing |
| PM5.1b | Identify and connect with 5 priority High Schools                                | Completed |  |         |

|        |  |             |   |         |
|--------|--|-------------|---|---------|
| PM5.1c | Enhanced Winter term course offerings to address the needs of students who start their studies in the winter term. | In Progress |   |         |
| PM5.1d | Located a recruiter in British Columbia.   | Completed   | We have a full-time recruiter in the Fraser Valley  |         |
| PM5.1e | Have contracted with four international recruiters.  | Completed   | We have contracted 5 international recruiters   |         |
| PM5.1f | Increased retention by introducing an early academic alert system.   | Completed   |   |         |
| PM5.2  | An improvement in the annual donor statistics. Increase the number of annual donors by 10%.                        | In progress | Despite efforts by the Advancement department, no increase in the number of annual donors was achieved. | Ongoing |
| PM5.3  | Decrease the accumulated debt as evidenced in the Financial Statements of the University.                          | In progress | Second-year of surplus budget<br><br>\$1.4 million reduction in debt during fiscal 19-20.               | Ongoing |
| PM5.4  | Develop a fundraising plan for the Centre for Excellence in the Sciences   | In progress |   | 2020    |

## Financial and Budget Information

Table 2 Operations 2019-2020 Actual vs. Budget below provides actual vs. budgeted revenues and expenses for the year 2019-2020.

*Table 2 Operations 2019-2020 Actual vs. Budget*

|  | Actual<br>2019-2020 | Budget<br>2019-2020 | Difference |
|--|---------------------|---------------------|------------|
| <b>REVENUE</b>   |                     |                     |            |
| Government Grants  | \$5,788,165         | \$5,387,003         | \$401,162  |
| Government of Alberta                                    | 5,357,932           | 5,083,831           | 274,101    |
| Government of Canada                                     | 430,233             | 303,172             | 127,061    |
| Other Governments  | -                   | -                   | -          |
| Student Tuition and Fees                                 | 10,096,301          | 10,501,705          | (405,404)  |
| Sales, Rentals and Services                              | 2,079,948           | 2,388,265           | (308,317)  |
| Donations and Other Contributions                        | 2,462,355           | 2,651,324           | (188,969)  |
| Investment Income  | 70,195              | 171,200             | (101,005)  |
| Extraordinary Revenue                                    | -                   | -                   | -          |
| Other Revenue  | 184,417             | 97,796              | 86,621     |
| <b>Total Revenue</b>                                     | <b>20,681,381</b>   | 21,197,293          | (515,912)  |
| <b>EXPENSE</b>   |                     |                     |            |
| Salaries and Benefits                                    | 12,754,388          | 12,866,094          | (111,706)  |
| Materials, Supplies and Services                         | 4,712,880           | 5,200,831           | (487,951)  |
| Scholarships, Bursaries and Awards                       | 936,733             | 912,450             | 24,283     |
| Amortization of Capital Assets                           | 1,658,632           | 1,710,318           | (51,686)   |
| Debt Servicing Cost                                      | 411,300             | 507,600             | (96,300)   |
| Extraordinary Expense                                    | -                   | -                   | -          |
| <b>Total Expense</b>                                     | <b>20,473,933</b>   | 21,197,293          | (723,360)  |
| Gain (Loss) on Disposal and Write Down of Capital Assets | 5,910               | -                   | 5,910      |
| <b>ANNUAL OPERATING RESULT</b>                           | <b>201,538</b>      | -                   |            |

The University realized the following in the 2019-20 year:

- A salary grid adjustment of 1% to employees;
- Provincial government funding increase of 3.0%;
- Tuition increase of 2.0%;
- Enrolment increase of 3.6%;
- Surplus of \$201,538; and
- Capital purchases of \$2,006,000, in combination with donor and fundraising efforts.

The Board of Governors is pleased with improvements achieved with fiscal restraints in 2019-20.

Donations are a continuing area of challenge in the economic climate of the province.

Going forward, King's has adjusted employee salary grids by 2.0% for 2020-21. The University had expected a further 2.0% growth in student numbers due to increased marketing strategies and a heightened awareness of student retention and growth. With the onset of COVID-19, the forecast in student numbers has been revised to a 7% reduction to account for the decrease in international student numbers. The University has increased fees an additional 2.0% for 2020-21 in lieu of a tuition increase.

King's will improve revenues by implementing its strategic plan, Shared Vision 2020, and focusing on marketing efforts and recruiting. Operating costs were significantly restructured during summer 2020 due to COVID-19, which resulted in significant savings to the University. Staff and faculty costs were the main areas of temporary reductions. Although not originally anticipated, these measures, coupled with government programs, have allowed the University to continue forward in a stronger position. A hybrid classroom model will be implemented in the 2020-21 year.

## Self-Generated Revenue

|             | Residence<br>Services | Food<br>Services | Conference<br>Services | Bookstore  | Parking<br>Fees |
|-------------|-----------------------|------------------|------------------------|------------|-----------------|
| Revenue     | 831,962               | 586,565          | 344,223                | 233,775    | 10,953          |
| Expenses    | (1,162,150)           | (797,630)        | (284,744)              | (320,053 ) | 8,797           |
| Profit/Loss | (330,188)             | (211,065)        | 59,479                 | (86,277)   | 2,156           |

In the fiscal year 2019-20, the University had sourced its self-generated revenue solely through its ancillary services.

Ancillary services are defined as services provided to students, faculty, or staff, by charging a fee at a minimum of cost recovery to ensure the cost is not subsidized by other sources such as government grants; the public may also be served incidentally by these ancillary services.

Residence Services provides on-campus housing, such as tower rooms, tower suites, and apartments, to students, as well as other related amenities. In 2019-20, residence services generated \$831,962 of revenue and a loss of \$330,188.

Food Services are primarily generated through the campus cafeteria; it is possible that the public can be served by this service. Students living in residence have the option of purchasing meal plans from the campus cafeteria. The cafeteria also serves food for any special events that occur on campus. In 2019-20, food services generated \$586,565 of revenue and a loss of \$211,065.

Conference Services generates revenue by offering a range of unique and affordable services, such as conference, banquet, and meeting rooms; overnight accommodations; cafeteria and catering; lecture theatres and performing arts/concert hall; and gymnasium rentals. King's is a proud member of Edmonton Tourism; Edmonton Chamber of Commerce; Sherwood Park & District Chamber of Commerce; and Canadian University and College Conference Organizers Association. In 2019-20, conference services generated \$344,223 of revenue and a profit of \$59,479.

The Bookstore at King's exists in a pop-up format at the start of each semester to supply all textbook and school equipment requirements for students. In 2019-20, the bookstore generated \$233,775 of revenue and a loss of \$86,277.

The University offers plug-in parking to its students at a fee of \$100 per semester. Priority is given to students living in residence. In 2019-20, parking fees generated \$10,953 of revenue and a profit of \$2,156.

# Enrolment Plan and Program Changes

## Enrolment Management Plan

Two years ago, King’s drafted a new Strategic Enrolment Management and Marketing plan. The plan had aspirational targets of 1,000 students by the end of the 2019-20 fiscal year. While we were unable to reach this goal, our 2019-20 FLE grew by 0.9% from the past year. This growth came from three areas:

- Increased student retention
- Increased international student recruitment
- Improvements in transfer student recruitment

We continue to assess and revise our plans and strategies to reach our target of 1,000 students.

## FLE Projections vs Actual

Projections are fraught with variables outside of institutional control. Projections are at best, educated guesses about growth that will come through enrolment management strategies. Our budgeting is based on conservative numbers in an effort to build margin should these projections not be realized. Projections are doubly difficult when extended to the program level, especially as none of our programs have formal caps and given that our program design makes changing major or concentration quite easy. 2019-20 Actual FLE was 6.3 FLE above projected FLE.

*Table 3 Institutional FLE and Headcount*

| Year              | FLE     | Headcount |
|-------------------|---------|-----------|
| 2016-17 Actual    | 625.903 | 851       |
| 2017-18 Actual    | 654.340 | 890       |
| 2018-19 Actual    | 682.449 | 893       |
| 2019-20 Projected | 682.449 | 905       |
| 2019-20 Actual    | 688.761 | 906       |

## Domestic recruitment

Domestic applications decreased from 595 in Fall 2018/19 to 555 in 2019/20. We also saw a slight decrease in registrations with a total of 290 new domestic students attending in 2019/20 compared to 309 in 2018/19.

## Student Retention

Overall student retention increased from 75.2 in 2018/19 to 77.6 in 2019/20. Frosh retention remained steady at 70%.



### *International enrolments*

With the addition of a dedicated International Admissions Counsellor, our international enrolment has grown by 27% from 51.757 FLE in 2018-19 to 65.882 FLE in 2019-20, 15% more than projected. We hope that this will grow as we continue working with international agents while also refining and improving service to international students.

*Table 4 International FLE*

| Year              | International FLE |
|-------------------|-------------------|
| 2016-17 Actual    | 38.827            |
| 2017-18 Actual    | 46.950            |
| 2018-19 Actual    | 51.757            |
| 2019-20 Projected | 57.257            |
| 2019-20 Actual    | 65.882            |

### *Transfer Student Recruitment*

King's has long been a full participant in the Alberta Council on Admissions and Transfer (ACAT), as well as engaging with the Pan-Canadian Consortium on Admissions & Transfer. We continue to maintain in excess of 6,600 transfer credit agreements and remain committed to facilitating student transfers from other institutions.

### **Enrolments by program/specialization**

Enrolments in excess of projections occurred in some of the concentrations and majors in our 3-year and 4-year degrees respectively.

- 3-year Bachelor of Arts: English, History, Philosophy, Social Sciences.
- 3-year Bachelor of Science: Chemistry and Undeclared.
- 4-year Bachelor of Arts: Psychology and Sociology.
- 4-year Bachelor of Science: Computing Science.
- Bachelor of Music
- Bachelor of Education after degree: Elementary and Secondary.

Enrolments in the remaining concentrations or majors were below projected FLEs. A primary factor that contributes to challenges in achieving projected FLE targets is the significant tuition disparity between public institutions and the independent academic institutions. Some of this tuition gap is being addressed through the removal of the government imposed tuition caps on public sector institutions but remains an issue because of inconsistencies in the government operational grants for post-secondary institutions. While King's did not receive the same level of operational grant cuts experienced by the public sector institutions this spring, the sustained disproportionate level of per-student funding

received by King’s compared to other post-secondary institutions continues to present challenges in maintaining accessible and affordable tuition for students who desire to study at an independent academic institution such as King’s.

Table 5 FLE By Degree and Major/Concentration

| Degree   | Major or Concentration                         | 2016/17<br>Actual | 2017/18<br>Actual | 2018/19<br>Actual | 2019/20<br>Projected | 2019/20<br>Actual |
|--|--|-------------------|-------------------|-------------------|----------------------|-------------------|
| <b>3-year Bachelor of Arts</b>                     | Biology  | 4.207             | 3.952             | 1.71              | <b>2.836</b>         | <b>2.210</b>      |
|  | Chemistry                                      | 0.290             | 0.290             | 0.00              | <b>0.00</b>          | <b>0.000</b>      |
|  | English  | 18.908            | 18.399            | 15.092            | <b>14.178</b>        | <b>16.123</b>     |
|  | History  | 14.741            | 8.820             | 10.900            | <b>4.726</b>         | <b>6.528</b>      |
|  | Music  | 6.726             | 3.186             | 3.208             | <b>3.781</b>         | <b>1.513</b>      |
|  | Philosophy                                     | 2.918             | 4.200             | 5.226             | <b>4.726</b>         | <b>5.089</b>      |
|  | Psychology                                     | 32.103            | 28.922            | 31.485            | <b>34.028</b>        | <b>24.651</b>     |
|  | Sociology                                      | 17.929            | 15.781            | 12.974            | <b>36.699</b>        | <b>14.431</b>     |
|  | Social Science Group                           | 13.174            | 17.137            | 26.507            | <b>16.069</b>        | <b>39.261</b>     |
|  | Theology                                       | 8.177             | 8.257             | 8.289             | <b>8.507</b>         | <b>6.304</b>      |
| Undeclared   | 33.743   | 31.637            | 17.880            | <b>20.795</b>     | <b>16.157</b>        |                   |
| <b>4-year Bachelor of Arts</b>                     | English  | 24.056            | 23.988            | 21.444            | <b>21.740</b>        | <b>18.326</b>     |
|  | Environmental Studies                          | 20.516            | 22.516            | 20.460            | <b>17.014</b>        | <b>17.150</b>     |
|  | History  | 9.288             | 11.930            | 15.057            | <b>12.288</b>        | <b>12.867</b>     |
|  | Music  | 6.474             | 3.982             | 3.192             | <b>5.671</b>         | <b>5.371</b>      |
|  | Politics History & Economics                   | 30.542            | 32.822            | 33.000            | <b>28.357</b>        | <b>27.777</b>     |
|  | Psychology                                     | 62.065            | 64.533            | 65.561            | <b>63.330</b>        | <b>68.09</b>      |
|  | Sociology                                      | -                 | 2.202             | 5.957             | <b>7.562</b>         | <b>7.655</b>      |
| <b>Bachelor of Commerce</b>                        |  | 68.549            | 69.269            | 75.202            | <b>75.681</b>        | <b>73.732</b>     |
| <b>2-year Bachelor of Education (after degree)</b> | Elementary Education                           | 43.499            | 49.582            | 58.683            | <b>41.006</b>        | <b>53.933</b>     |
|  | Secondary Education                            | 25.900            | 46.733            | 56.933            | <b>49.364</b>        | <b>55.833</b>     |
| <b>Bachelor of Music</b>                           | Music  | 14.357            | 16.046            | 16.023            | <b>17.083</b>        | <b>17.780</b>     |
| <b>3-year Bachelor of Science</b>                  | Biology  | 10.673            | 10.205            | 16.171            | <b>23.631</b>        | <b>22.976</b>     |
|  | Chemistry                                      | 6.307             | 3.305             | 3.741             | <b>4.257</b>         | <b>4.323</b>      |
|  | Undeclared                                     | 16.058            | 13.267            | 10.608            | <b>15.066</b>        | <b>18.897</b>     |
| <b>4-year Bachelor of Science</b>                  | Biology  | 64.793            | 67.208            | 71.997            | <b>78.453</b>        | <b>71.140</b>     |
|  | Chemistry                                      | 22.442            | 17.466            | 16.461            | <b>16.035</b>        | <b>15.272</b>     |
|  | Computing Science                              | 22.591            | 31.659            | 36.329            | <b>42.425</b>        | <b>47.181</b>     |
|  | Environmental Studies                          | 24.877            | 27.046            | 22.359            | <b>19.825</b>        | <b>18.188</b>     |
|  | Interdisciplinary Science<br><b>(Proposed)</b> | -                 | -                 | -                 | -                    | -                 |
| <b>Total</b>                                       |  | 625.903           | 654.340           | 682.449           | <b>682.449</b>       | <b>688.761</b>    |

## New Programs

No new programs were introduced in 2019-20. However, work was completed on the following programs.

### **Interdisciplinary Science**

A program proposal for a 4-year Bachelor of Science in Interdisciplinary Science has been submitted to the Department of Advanced Education and is awaiting Campus Alberta Quality Council review. This program is intended to meet growing student demand for a holistic science degree that can prepare students for science-related careers outside the traditional discipline-focused fields of chemistry, biology and computing science. This includes students interested in human sciences or teaching science at the elementary or secondary level. This program draws students into multiple areas of scientific study while focusing on two concentrations that suit their future study and vocational goals. The proposed program draws on our existing strengths in science and will allow us to bolster areas in which we cannot yet offer a concentration or major, physics, mathematics, and kinesiology.

### **Kinesiology**

Preparation for a 4-year Bachelor of Kinesiology continues as we await the identification of funding for both staffing and lab facilities. We have completed the implementation of a sports and recreation theme in the 3-year Bachelor of Arts Social Science Group as a pathway to our Bachelor of Education in Secondary Education with a teachable major in Physical Education. In addition to this, a new faculty member in biology/kinesiology has been recruited and hired with a start date in June 2021.

### **Management and Accounting**

Proposals are being prepared for internal and external approval for majors in our Bachelor of Commerce program in management and accounting. The proposed new majors will capitalize on the existing strengths of the program while allowing students to develop specialized skills that will be beneficial for successful entry into the job market.

## Research, Applied Research, and Scholarly Activities

When The King’s University was established as a post-secondary institution in 1979, the university intentionally made faculty scholarship a high priority. This deliberate institutional effort continues to be a central part of our identity. There is an active culture of scholarship in all areas and a specific focus on involving undergraduate students in faculty scholarship. As can be noted from the table below, this institutional culture and faculty commitment result in a significant number of scholarly publications for a primarily undergraduate university. The table also demonstrates the active participation of undergraduate students in this work. In the past five years, faculty members produced approximately 167 scholarly publications per year. On average, 29% of these scholarly publications involved participation by undergraduate students.

Table 6 Summary of Scholarly Contributions – 2016-20120

| Type of Scholarly Contribution             | Number of contributions |            |            |            |            |
|--|-------------------------|------------|------------|------------|------------|
|  | 2015                    | 2016       | 2017       | 2018       | 2019       |
| Book – Authored/Co-authored                | 3                       | 1          | 1          |            | 5          |
| Book – Edited/Co-edited                    | 1                       | 1          | 1          |            | 3          |
| Book Chapter                               | 4                       | 8          | 6          | 6          | 10         |
| Article – Refereed Journal                 | 14                      | 16         | 28         | 20         | 38         |
| Article – Non-refereed Journal             | 1                       | 9          | 3          | 4          | 3          |
| Creative work, publication, or performance | 3                       | 15         | 33         | 14         | 13         |
| Conference/Scholarly meeting presentation  | 36                      | 65         | 60         | 75         | 61         |
| Refereed Conference presentation           | 20                      | 33         | 29         | 19         | 33         |
| Other scholarly work                       | 16                      | 18         | 45         | 27         | 36         |
| <b>Total Scholarly Contributions</b>       | <b>98</b>               | <b>166</b> | <b>206</b> | <b>165</b> | <b>202</b> |
| <b>Undergraduate Student involvement</b>   |                         |            |            |            |            |
| Research Assistance and Authorship         | 19                      | 39         | 50         | 43         | 36         |
| Research Assistance only                   | 3                       | 10         | 11         | 6          | 26         |
| <b>Grand total</b>                         | <b>22</b>               | <b>49</b>  | <b>61</b>  | <b>49</b>  | <b>62</b>  |

As documented in Table 2, funding for scholarly activity comes from three sources:

- Federal Tri-Council Agencies SSHRC and NSERC, external sources such as Alberta Environment and Parks, and the Alberta Conservation Association, other provincial, national, and international granting agencies.

- Internal Research and Conference and Professional Development funds,
- Internal Support for Sabbaticals

External funding for research continues to grow despite increased challenges securing additional federal tri-council funding. Internal research funding, both through direct funding and sabbatical funding, has remained relatively static.

*Table 7 Sources of Research Funding – 2011-2020*

| <i>Fiscal Year</i> | <i>External Funding</i> | <i>Internal Research funds and Conference/PD funding</i> | <i>Net Salary Cost of Sabbaticals</i> | <i>Total</i>     |
|--------------------|-------------------------|--|---------------------------------------|------------------|
|                    | \$                      | \$   | \$                                    | \$               |
| 2011               | 289,213                 | 65,010   | 14,273                                | 368,496          |
| 2012               | 335,733                 | 60,160   | 69,875                                | 465,768          |
| 2013               | 316,646                 | 64,552   | 75,404                                | 456,602          |
| 2014               | 303,128                 | 53,017   | 52,675                                | 408,820          |
| 2015               | 391,759                 | 70,349   | 50,751                                | 512,859          |
| 2016               | 336,099                 | 69,485   | 41,195                                | 446,779          |
| 2017               | 360,792                 | 85,355   | 41,541                                | 487,688          |
| 2018               | 452,925                 | 62,394   | 38,649                                | 553,968          |
| 2019               | 468,889                 | 76,020   | 38,716                                | 583,625          |
| 2020               | 593,775                 | 64,043   | 53,048                                | 710,866          |
| <i>Total</i>       | <i>4,123,726</i>        | <i>726,619</i>   | <i>486,411</i>                        | <i>5,336,756</i> |

With faculty members in over 16 academic disciplines, there is a large breadth of research topics being studied at the University. The University’s 2018-2021 Comprehensive Institutional Plan identifies five overlapping research themes. The table below summarizes by theme examples of research that were published in the reporting year.

**Research Theme**

**Examples of types of presented and published research**

Religion, Culture and Society

- ‘Alien cripples’ on the Panama Canal: disability at the edges of empire
- Politics and the permanent possibility of war
- When we disagree: how the distance between us is undermining democracy
- Discerning the Spirit: the task of Christian philosophy

- Re-forming history
  - Why educating for shalom requires decolonization
  - Determinants of organizational commitment in emerging Market: Korean expatriates in India
  - The material nature of spirituality in the small business workplace: from transcendent ethical values to immanent ethical actions
- Environment
- Systems thinking for educating about the molecular basis of sustainability
  - The fabric of faith-based environmentalism in Canada: exploring the strands of ecological worldviews
  - Participatory rural appraisal approaches for public participation in EIA: Lessons from South Africa
  - Trans mountain diet: Canada needs normative de-growth, not more pipelines
- Pedagogy
- When learners read in two languages” understanding Chinese-English bilingual readers through miscue analysis
  - Working together to define outcomes for Canadian undergraduate chemistry education
  - Reimagining Chemistry Education: Systems thinking & Green and Sustainable Chemistry
- Community Engaged Research
- Student perspectives on barriers to postsecondary support services
  - LGBTQ+ friendly policies for Alberta schools: Beyond polarization, a spectrum of voices
  - The return to physical activity following spinal surgery
  - Knowledge translation process and outcomes of the toddler speech playground offered by the Edmonton Down Syndrome Society
- Natural Sciences Research
- Rubber from functionalized cyclopentenes through ROMP reactions: synthesis and thermodynamic studies
  - Threefolds fibred by mirror sextic double planes
  - Seed availability does not ensure regeneration in northern ecosystems of the endangered Limber pine
  - Eventfinder: a program for screening remotely captured images
  - The conserved NxNNWHW motif in Aha-type co-chaperones modulates the kinetics of Hsp90 ATPase stimulation

## Regional Stewardship, Foundational Learning, Underrepresented Learners

The King's University does not have Regional Stewardship and Foundational Learning needs in our roles and mandates as defined by government; nevertheless, King's is committed to supporting foundational learning pathways.

### Foundational Learning Pathways

The King's University supports our foundational learners in at least three ways academically.

1. King's offers "How to Succeed at University" to all interested students,
2. "Post-secondary English at King's", an English Academic Language course that is for students whose Academic English is marginal and need better in reading comprehension and writing in preparation for success in university, and
3. "Educational Strategies" a course that is for students admitted on probation or placed on probation.

All of these courses provide stronger foundational skills so that our students have a stronger chance of succeeding in University.

King's is committed to creating opportunities for underrepresented learners. To that end, we have some initiatives that seek to extend access to our courses and programs to diversify our student population.

### Indigenous Learners and First Nations Initiatives

During the 2019-20 fiscal year, The King's University had 35 self-identified indigenous students (3.8% of our student body). Our community is aware of its colonial roots and is working toward its missional value of reconciliation as was demonstrated when it was the only post-secondary institution in Alberta to cancel classes and request that all students and faculty attend the Truth and Reconciliation Commission meetings in Edmonton in 2014. An Indigenous Student Group is active at King's supported by the Student Association and Student Life. The group's website includes comprehensive funding packages for Metis, First Nations, and Inuit students available through the Student Finance office. We also have an email distribution list and regularly disseminate valuable information about student wellness, funding, scholarships, work opportunities, notices about important dates, and meetings to our indigenous students.

In terms of First Nations initiatives, King's continues to fulfill its commitments under the Truth and Reconciliation process. Prominent among these is the Reconciliation Bench and Garden which is the site of annual chapel services to which members of the Indigenous communities are invited to take a leading role. Educating for reconciliation and acknowledgement is in our mission statement, and our engagement toward Truth and Reconciliation is an important part of that.

Our practice is to recognize aboriginal lands as part of our major academic events throughout the year. Last spring King's had our first special acknowledgement of First Nations graduands at our Spring

Convocation with guidance and oversight from a Treaty Six Knowledge Keeper and former Board member. We plan to do this again once convocation can safely proceed again in a face to face manner.

### **Learners with disabilities**

King's continues to be committed to serving students with disabilities through our accessibility services and counselling and wellness. This past year we supported 80 students with confirmed disabilities, another 7 without confirmed disabilities, and one visiting student for a total of 88 students with disabilities, 9.5% of our total students.

King's also works with Inclusive Post-Secondary Education and had four students in our Inclusive Post-Secondary Education initiative, one of whom completed their program this year.

### **Learners from low-income and rural backgrounds**

This past academic year, we were able to secure the commitment of \$100,000 additional dollars to our Financial Aid portfolio specifically targeted for students with financial need including those that come from rural and urban communities outside of Edmonton, who have extra expenses associated with living away from home. This funding was and is highly needed with our rising tuition costs as an Independent Academic Institution and we will continue to work toward addressing this.

### **Transfer Agreements with First Nations Colleges**

We continue to maintain transfer credit agreements with First Nations institutions. We have extensive transfer credit arrangements with Blue Quills First Nations College, Maskwacis Cultural College, and Yellowhead Tribal College. We hope to continue to expand these, as well as engage the other First Nations institutions in the province over the next year, post COVID-19.



## Internationalization

The King's University continued its memberships in the Council of Christian Colleges & Universities (CCCU), Christian Higher Education Canada (CHEC), and the International Association for the Promotion of Christian Higher Education (IAPCHE).

In 2019/20 we had 102 students attending with a student visa, making up 11% of our unduplicated headcount. This is up from 2015/16 when 6.8% of our students were international. 46 countries (including Canada) were represented in our student body in 2019/20.

The Coordinator of Intercultural Student Programs works with the International Admission Counsellor to be prepared for incoming international students each semester. With the help of four International Student Assistants (ISAs), we host a specific orientation to acclimate international students not only to King's but to the wider Edmonton community as well as through 2 workshops that focused on tax information, study permits and post-grad work permits. The International Students' Buddy Program pairs student leaders with an incoming international student for facilitating cross-cultural adjustment.

We have initiated contracts with international recruitment agents. All of our agents have been pre-vetted through ICEF, an international organization connecting educators and recruitment agents, and then vetted a second time through our hiring process with a minimum of two reference checks. We currently have contracts with 5 international recruitment agencies.

The celebration of Global Awareness Week at King's was moved to the Winter term and was filled with enjoyable, interactive activities to showcase the vibrant and diverse backgrounds of our student body. We hung flags from various countries and hosted a food tasting from many international cuisines.

Through King's Micah Centre, King's has again offered our Field Course in International Development, in which we took up our longstanding participation in community development projects in Central America, with 12 King's students and 2 Continuing Education students engaging in service-learning while helping to build a community-owned water system. 17 students and one staff member participated in our longstanding partnership in global justice education through Quest Mexico: Field Course in Global Development and Justice in Cuernavaca, Mexico.

We continue to actively engage partners in education and community development around the world, including Association for a More Just Society in Honduras, WorldRenew in Bangladesh, Cambodia, and Kenya, and Mennonite Central Committee's global partners, to name just a few.

King's Micah Centre continues to send students on global internships for first-hand international hands-on learning.

The Micah Centre also hosted several speakers from the international community, including South Africa, Honduras, Bangladesh, and more. A highlight was our hosting of a fine art exhibit and documentary viewing by the Keiskamma Canada Foundation, in partnership with the Keiskamma Trust,

which uses visual arts and public health initiatives to address health inequities in the western cape of South Africa. We are also contributing members of the Alberta Council for Global Cooperation.

The Leder School of Business offered a Special Topics course titled: Global Entrepreneurship in Winter 2019/20. This course included a trip to South Korea.

## Capital Plan

The government funding per student is far lower at King's than in the public sector. The University is ineligible to access the Alberta Infrastructure Maintenance Grant. Therefore, the University relies on internal funds generated by operations or through external sources from our supporters, partners, sponsors, and the Federal Government.

The University finished the 2019-20 fiscal year with an overage of \$551,163 in capital expenditures, compared to the budget. The excess expenditures can most notably be attributed to improvements made to the Academic Enrichment Center. Of the \$1,041,385 noted below in main building improvements, \$733,602 was spent on design, consulting fees, and other physical enhancements in the AEC, the majority of which was donor-funded.

*Table 8 Summary of Capital Expenditures – Actual vs. Budget*

| Capital Expenditure                     | 2019-2020        | 2019-2020      | Variance        |
|---|------------------|----------------|-----------------|
|   | Actual           | Budget         |                 |
| Main Building Improvements              | 1,041,385        | 296,000        |                 |
| Residence Improvements                  | 78,752           | 88,000         |                 |
| Cafeteria Improvements                  | 2,076            | 150,000        |                 |
| <b>Building and Site improvements</b>   | <b>1,122,213</b> | <b>534,000</b> | <b>588,213</b>  |
| NMR Spectrometer                        | 256,412          | 250,000        |                 |
| Furniture                               | 70,479           | 132,000        |                 |
| Other various equipment                 | 18,398           | 31,500         |                 |
| <b>Equipment and furniture</b>          | <b>345,289</b>   | <b>413,500</b> | <b>(68,211)</b> |
| Evergreen equipment purchases           | 86,092           | 129,000        |                 |
| Computer lab upgrades                   | 149,125          | 117,000        |                 |
| Computer equipment replacements         | 31,251           | 39,000         |                 |
| <b>Computer and telephone equipment</b> | <b>266,468</b>   | <b>285,000</b> | <b>(18,532)</b> |

|                                 |                     |                    |                  |
|---------------------------------|---------------------|--------------------|------------------|
| <b>Library</b>                  | <b>123,179</b>      | <b>131,000</b>     | <b>(7,821)</b>   |
| <b>Construction in Progress</b> | <b>109,069</b>      | - - -              | <b>109,069</b>   |
| <b>Building systems</b>         | <b>46,945</b>       | <b>98,500</b>      | <b>(51,555)</b>  |
|                                 | <b>\$ 2,013,163</b> | <b>\$1,462,000</b> | <b>\$551,163</b> |

The University continues to engage in a capital campaign feasibility study to prepare for a major funding drive in coming years, as part of its *Shared Vision 2020* strategic plan, since donor and government funding dollars become more difficult to predict.

## Information Technology

As a result of a comprehensive review completed in 2019, The King's University adopted an aggressive 3-year IT strategic plan. The primary focus of the plan is to establish Information Technology Services (ITS) as an essential and strategic organization, enhance IT governance and implement an IT control framework, upgrade existing systems and infrastructure in preparation for a new ERP and SIS, and improve the overall resilience of the IT environment.

Major projects undertaken at the end of 2019-20 and continuing in 2020-21 include centralization of IT management; business requirements gathering for an ERP and SIS; adoption of an IT control framework, IT security framework and business resilience framework; hybrid classroom delivery set-up; work-from-home strategy; Moodle upgrade; various major infrastructure upgrades; and implementation of Slate.

All projects have required significant ITS resource commitment and the staffing model has been modified to replace the IT Director role with a Chief Information Officer role and increase the team by one FTE.

With increasing demands, technological advances, the disruptive impact of COVID-19, and the adoption of the 3-year IT Strategic Plan, The King's University has increased its 2020/21 IT operational and capital budgets to ensure IT resources are available to support the achievement of its strategic priorities.

## Appendix A – Audited Financial Statements

**THE KING'S UNIVERSITY**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2020**

**THE KING'S UNIVERSITY**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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July 14, 2020  
Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of The King's University

### **Report on the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of The King's University (the University), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of changes in net assets, operations and cash flow 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 consolidated financial position of the University as at March 31, 2020, and the consolidated results of its operations and consolidated cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### **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 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with ASNPO, 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.

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**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.



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**Kingston Ross Pasnak LLP**

Chartered Professional Accountants

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Financial Position**  
**March 31, 2020**

|   | 2020                 | 2019                 |
|---|----------------------|----------------------|
| <b>ASSETS</b>                               |                      |                      |
| <b>CURRENT</b>                              |                      |                      |
| Cash  | \$ 152,359           | \$ 1,548,609         |
| Accounts receivable (Note 3)                | 277,990              | 367,633              |
| Goods and Services Tax receivable           | 12,787               | 20,593               |
| Bookstore inventory                         | 46,775               | 125,811              |
| Prepaid expenses and deposits               | 291,663              | 281,204              |
| Short term investments (Note 4)             | 1,159,789            | 898,757              |
|   | <b>1,941,363</b>     | <b>3,242,607</b>     |
| INVESTMENTS (Note 4)                        | <b>8,678,128</b>     | <b>9,127,535</b>     |
| PROPERTY AND EQUIPMENT (Note 5)             | <b>19,291,489</b>    | <b>18,942,868</b>    |
|   | <b>\$ 29,910,980</b> | <b>\$ 31,313,010</b> |
| <b>LIABILITIES AND NET ASSETS</b>           |                      |                      |
| <b>CURRENT</b>                              |                      |                      |
| Bank indebtedness (Note 6)                  | \$ 650,000           | \$ -                 |
| Accounts payable and accrued liabilities    | 1,107,614            | 1,378,111            |
| Source deductions payable                   | 256,604              | 247,648              |
| Deferred revenue                            | 1,910,902            | 1,883,069            |
| Deferred contributions (Note 7)             | 6,663,359            | 7,621,829            |
| Mortgage payable (Note 8)                   | 9,698,029            | 10,343,577           |
| Debenture payable (Note 9)                  | 1,609,230            | 1,974,904            |
| Current portion of long term debt (Note 10) | 1,120,115            | 1,157,563            |
|   | <b>23,015,853</b>    | <b>24,606,701</b>    |
| LONG TERM DEBT (Note 10)                    | <b>916,850</b>       | <b>1,331,871</b>     |
| DEFERRED CAPITAL CONTRIBUTIONS (Note 11)    | <b>2,883,519</b>     | <b>2,640,373</b>     |
|   | <b>26,816,222</b>    | <b>28,578,945</b>    |
| <b>NET ASSETS</b>                           |                      |                      |
| Investment in property and equipment        | 3,381,139            | 1,813,785            |
| Endowments (Note 12)                        | 3,752,048            | 3,592,893            |
| Internally Restricted (Note 13)             | 282,459              | 282,459              |
| Accumulated Operating Deficit               | (4,320,888)          | (2,955,072)          |
|   | <b>3,094,758</b>     | <b>2,734,065</b>     |
|   | <b>\$ 29,910,980</b> | <b>\$ 31,313,010</b> |

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Signed - "Stephanie Bolt"* Treasurer      \_\_\_\_\_  
*Signed - "Gerald Jansen"* Director

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

|   | Investment<br>in Property<br>and<br>Equipment | Endowments       | Internally<br>Restricted | Accumulated<br>Operating<br>Deficit | <b>2020</b>      | 2019             |
|---|---|------------------|--------------------------|-------------------------------------|------------------|------------------|
| <b>NET ASSETS - BEGINNING OF YEAR</b>                       | 1,813,785                                     | 3,592,893        | 282,459                  | (2,955,072)                         | <b>2,734,065</b> | 2,236,541        |
| Excess of revenue over expenditure                          | -   | -                | -                        | 201,538                             | <b>201,538</b>   | 143,848          |
| Endowment contributions (Note 12)                           | -   | 159,155          | -                        | -                                   | <b>159,155</b>   | 353,676          |
| Transfer for:   |   |                  |                          |                                     |                  |                  |
| Acquisition of internally funded property<br>and equipment  | 1,502,471                                     | -                | -                        | (1,502,471)                         | -                | -                |
| Amortization of internally funded<br>property and equipment | (1,391,086)                                   | -                | -                        | 1,391,086                           | -                | -                |
| Net book value of property and<br>equipment disposals       | (7,722)                                       | -                | -                        | 7,722                               | -                | -                |
| Change in mortgage, debenture and<br>long term debt payable | 1,463,691                                     | -                | -                        | (1,463,691)                         | -                | -                |
| <b>NET ASSETS - END OF YEAR</b>                             | <b>3,381,139</b>                              | <b>3,752,048</b> | <b>282,459</b>           | <b>(4,320,888)</b>                  | <b>3,094,758</b> | <b>2,734,065</b> |

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2020**

|  | Budget<br>(Note 16) | 2020          | 2019         |
|--|---------------------|---------------|--------------|
| <b>REVENUE</b>                             |                     |               |              |
| Tuition fees                               | \$ 10,501,705       | \$ 10,096,301 | \$ 9,522,225 |
| Government grants                          | 5,073,643           | 5,254,578     | 5,183,137    |
| Donations                                  | 2,629,598           | 2,416,447     | 2,371,755    |
| Residence and other sales (Note 14)        | 2,388,265           | 2,079,948     | 2,290,656    |
| Research grants                            | 335,086             | 579,495       | 411,321      |
| Other income                               | 97,796              | 184,417       | 380,873      |
| Investment income (Note 15)                | 171,200             | 70,195        | 119,869      |
|  | 21,197,293          | 20,681,381    | 20,279,836   |
| <b>EXPENSES</b>                            |                     |               |              |
| Salaries and benefits                      | 12,866,094          | 12,754,388    | 12,409,073   |
| Operating supplies and services            | 2,292,918           | 2,127,411     | 2,258,948    |
| Amortization                               | 1,710,318           | 1,658,632     | 1,616,204    |
| Scholarships and awards                    | 912,450             | 936,733       | 764,513      |
| Cost of goods sold                         | 822,500             | 830,843       | 964,727      |
| Travel, hospitality and conferences        | 773,755             | 689,243       | 664,363      |
| Utilities                                  | 539,578             | 449,082       | 495,998      |
| Maintenance and equipment rent             | 529,980             | 353,808       | 431,961      |
| Interest on mortgage payable               | 285,600             | 245,375       | 217,660      |
| Insurance and taxes                        | 143,600             | 139,937       | 138,559      |
| Professional fees                          | 98,500              | 122,556       | 61,467       |
| Interest on debenture payable              | 102,000             | 105,633       | 104,918      |
| Interest on long term debt                 | 120,000             | 60,269        | 62,157       |
| Loss (gain) on disposal of equipment       | -                   | 5,910         | (54,593)     |
| Interest on line of credit                 | -                   | 23            | 33           |
|  | 21,197,293          | 20,479,843    | 20,135,988   |
| <b>EXCESS OF REVENUE OVER EXPENDITURES</b> | \$ -                | \$ 201,538    | \$ 143,848   |

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Cash Flow**  
**Year Ended March 31, 2020**

|   | 2020               | 2019                |
|---|--------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                     |                    |                     |
| Cash received from students for tuition and fees                | \$ 10,246,030      | \$ 9,738,618        |
| Cash received from government                                   | 5,686,752          | 5,714,154           |
| Cash received from donors                                       | 1,839,050          | 2,469,347           |
| Cash received from sale of goods and services                   | 2,055,331          | 2,114,827           |
| Cash received from other sources                                | 180,217            | 376,673             |
| Cash paid to employees for salaries and benefits                | (12,698,704)       | (12,373,641)        |
| Cash paid to suppliers for materials and services               | (5,889,782)        | (5,335,234)         |
| Cash paid to creditors for interest                             | (165,928)          | (167,108)           |
| Cash flow from operating activities                             | <b>1,252,966</b>   | 2,537,636           |
| <b>INVESTING ACTIVITIES</b>                                     |                    |                     |
| Cash received from donors restricted for property and equipment | 510,692            | 121,389             |
| Cash received from income on investments                        | 397,792            | 196,980             |
| Cash received on disposal of property and equipment             | -                  | 60,000              |
| Cash applied to purchase of property and equipment              | (2,013,162)        | (995,059)           |
| Cash invested in investments                                    | (553,067)          | (388,519)           |
| Cash flow used by investing activities                          | <b>(1,657,745)</b> | (1,005,209)         |
| <b>FINANCING ACTIVITIES</b>                                     |                    |                     |
| Cash received from line of credit                               | 650,000            | -                   |
| Cash received from endowments                                   | 140,016            | 254,858             |
| Cash paid for long term debt repayments                         | (1,709,066)        | (704,828)           |
| Cash flow used by financing activities                          | <b>(919,050)</b>   | (449,970)           |
| <b>(DECREASE) INCREASE IN CASH</b>                              | <b>(1,323,829)</b> | 1,082,457           |
| <b>CASH - BEGINNING OF YEAR</b>                                 | <b>1,638,891</b>   | 556,434             |
| <b>CASH - END OF YEAR</b>                                       | <b>\$ 315,062</b>  | \$ 1,638,891        |
| <b>CASH CONSISTS OF:</b>  |                    |                     |
| Cash  | \$ 152,359         | \$ 1,548,609        |
| Cash included in short term investments (Note 4)                | 162,703            | 90,282              |
|   | <b>\$ 315,062</b>  | <b>\$ 1,638,891</b> |

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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1. AUTHORITY AND PURPOSE

The King's University (the "University"), formerly The King's University College, operates under the authority of The King's College Act, Statutes of Alberta 1979, as amended. Its mission is to provide university education that inspires and equips learners to bring renewal and reconciliation to all walks of life as followers of Jesus Christ, the Servant King.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements include the accounts of The King's University Foundation (the "Foundation"). The Foundation, which operates under the Companies Act of Alberta, solicits and receives gifts and donations and provides grants and property to the University to support and promote the educational and research activities of the University. The King's University and the Foundation are registered charitable organizations for purposes of the Income Tax Act (Canada) and, as such, are not liable for the payment of income taxes. The Leder School of Business Consulting (the "Company"), which operated under the Business Corporations Act of Alberta, had been a wholly owned subsidiary that provided consulting services on a fee for service basis and was voluntarily dissolved October 31, 2018.

The accounts of the two organizations have been consolidated to reflect the financial position and results of operations as though they were a single economic entity. Inter-entity balances and transactions have been eliminated on consolidation.

Investments

The University's investments are recorded at fair value and consist of money market, fixed income, and equity based instruments. The investment portfolio is managed by a third party investment manager and is subject to an investment policy set by the Board of Governors. The main objective of the investment policy is the growth and preservation of capital. The fixed income investments which consist of federal, provincial and corporate bonds are capable of prompt liquidation. The equity based investments are widely held and diversified and are traded on a regular basis on the recommendation of the investment manager and approval of the University.

Property and equipment

Purchased property and equipment are recorded at cost less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of contribution.

Property and equipment are amortized on a straight-line basis over the assets' estimated useful lives as follows:

|                                 | <u>Years</u> |
|---------------------------------|--------------|
| Buildings and site improvements | 10 - 40      |
| Furniture and equipment         | 5 - 20       |
| Library materials               | 5 - 10       |

Property and equipment is not amortized until available for use. Construction on the building amounts to \$664,087 as at March 31, 2020 (2019 - \$555,018) and has not been amortized during the year.

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**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Endowments

Endowments represent externally restricted contributions of which the principal is to be held intact. Investment earnings on endowments are included in deferred contributions and must be used in accordance with the conditions imposed by the donor's terms of reference. Investment earnings to be added to endowment principal are recorded as direct increases in net assets.

Inventory

Inventory of merchandise held for resale is recorded at the lower of purchased cost and net realizable value, with cost being determined on an average cost basis. Total inventory expensed to cost of goods sold in the year is \$208,966 (2019 - \$326,217).

Revenue recognition

The University follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable. Contributions restricted for purposes other than endowments or the acquisition of property and equipment (including research grants) are deferred and recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable. Contributions restricted for the acquisition of property and equipment having limited lives are recorded as deferred capital contributions in the period in which they are received and are amortized to revenue over the useful lives of the related assets. Contributions restricted for the acquisition of property and equipment that will not be amortized are recognized as direct increases to net assets in the period in which they are expended.

Donated materials and services are recognized as revenue at fair value when a fair value can be reasonably determined and when they would otherwise have been purchased. Pledges are recognized when collection is reasonably assured.

Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on investments are either included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Investment earnings on internally designated funds are recognized as revenue when received or receivable. Other unrestricted investment income is recognized as revenue when earned.

Tuition fees are recognized as revenue when the instruction is delivered and the tuition fees have been received or are considered receivable. Residence, food, conference, bookstore, other and consulting service sales are recognized as revenue when the product or service has been provided and the agreed upon amount is received or considered receivable.

Government grants are recognized as revenue in the year to which they relate.

Deferred revenue consists of tuition, residence fees, government grants and facility rental income received in advance.

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**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee future benefits

The University participates with other employers in the Canadian Christian School Pension Plan and Trust Fund (the "Plan"). The Plan is a contributory, defined benefit pension plan that provides pensions for the University's eligible employees based on their years of service and earnings.

Pension cost is disclosed as a part of salaries and benefits and is comprised of the amount of employer contributions required for the University's employees during the year, based on rates that are expected to provide benefits payable under the Plan. The University's portion of the pension plan's deficit or surplus is not recorded by the University as this portion is not readily determinable, therefore the pension is being accounted for as a defined contribution plan.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates pertain to the physical and economic lives of property and equipment, the collectability of accounts receivable, the allocation of costs to the Leder School of Business for the purpose of recognizing deferred contributions and the amortization of deferred capital contributions.

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the University subsequently measures its financial instruments at amortized cost.

3. ACCOUNTS RECEIVABLE

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Accounts receivable                        | \$ 465,363        | \$ 513,091        |
| Allowance for doubtful accounts            | (187,373)         | (145,458)         |
|  | <b>\$ 277,990</b> | <b>\$ 367,633</b> |
| Bad debt expense, included in tuition fees | <b>\$ 41,914</b>  | <b>\$ 20,030</b>  |



**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

4. INVESTMENTS

|   | 2020                | 2019                 |
|---|---------------------|----------------------|
| <b>Short term investments</b>                   |                     |                      |
| Corporate notes                                 | \$ 997,086          | \$ 808,475           |
| Cash  | 162,703             | 90,282               |
|   | <b>\$ 1,159,789</b> | <b>\$ 898,757</b>    |
| <b>Long term investments</b>                    |                     |                      |
| Equity funds - Canada                           | \$ 3,360,255        | \$ 2,960,488         |
| Corporate notes                                 | 3,099,375           | 2,772,855            |
| Equity funds - U.S.                             | 873,084             | 1,709,783            |
| Equity linked notes - Canada                    | 715,503             | 929,107              |
| Deposit agreement                               | 338,011             | 323,800              |
| Equity funds - Overseas                         | 169,729             | 201,694              |
| Cash surrender value of life insurance policies | 77,333              | 73,699               |
| Equity funds - Emerging markets                 | 44,838              | 56,109               |
| Mortgage Fund                                   | -                   | 100,000              |
|   | <b>\$ 8,678,128</b> | <b>\$ 9,127,535</b>  |
|   | <b>\$ 9,837,917</b> | <b>\$ 10,026,292</b> |

Investments include corporate notes that mature at various dates to January 17, 2025. The remaining investments include publicly traded equities and are held by investment managers in equity fund portfolios. The University's fixed income investments bear interest at rates of 1.35% to 3.78% (2019 - 1.35% to 3.78%). The rate of return on the remainder of the portfolio is dependent on the performance of the funds.

A portion of the investments are held in equity linked notes. Equity linked notes provide investments in a notional portfolio of shares selected using a quantitative model with the ability to allocate to fixed income investments based on the trend of the S&P/TSX Composite Index for Canada and S&P 500 Index for US. The goal of this strategy is to be exposed to the shares selected by the model when the trend is positive for the equity markets and to reduce or eliminate equity exposure as the trend for the equity markets becomes negative. At March 31, 2020 equity linked notes were 50% invested in equity and 50% invested in fixed income (2019 - 50% invested in equity and 50% invested in fixed income).

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

5. PROPERTY AND EQUIPMENT

|                                 | Cost                 | Accumulated<br>amortization | <b>2020<br/>Net book<br/>value</b> | 2019<br>Net book<br>value |
|---------------------------------|----------------------|-----------------------------|------------------------------------|---------------------------|
| Buildings and site improvements | \$ 31,821,756        | \$ 16,608,214               | <b>\$ 15,213,542</b>               | \$ 15,050,103             |
| Land                            | 1,852,592            | -                           | <b>1,852,592</b>                   | 1,852,592                 |
| Furniture and equipment         | 9,776,311            | 8,165,593                   | <b>1,610,718</b>                   | 1,421,298                 |
| Library materials               | 3,858,939            | 3,244,302                   | <b>614,637</b>                     | 618,875                   |
|                                 | <b>\$ 47,309,598</b> | <b>\$ 28,018,109</b>        | <b>\$ 19,291,489</b>               | <b>\$ 18,942,868</b>      |

6. BANK INDEBTEDNESS

The line of credit with ATB Financial bears interest and bank prime plus 0.50%, payable monthly, has an authorized limit of \$2,000,000 and is secured by the same terms as the debenture payable (Note 9). At March 31, 2020, \$650,000 was drawn upon (2019 - \$nil) and the effective interest rate was 2.95%.

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted investment income and unspent resources externally restricted for research grants, scholarships and designated donations. Changes in the deferred contributions balance are as follows:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Beginning balance, related to operating fund</b>    | <b>\$ 6,039,885</b> | <b>\$ 5,556,593</b> |
| Add:   |                     |                     |
| Restricted donations                                   | 729,230             | 895,187             |
| Restricted government grants                           | 189,370             | 75,000              |
| Restricted research grants                             | 679,788             | 579,880             |
|  | <b>1,598,388</b>    | <b>1,550,067</b>    |
| Less:  |                     |                     |
| Donations recognized as revenue                        | (964,332)           | (742,602)           |
| Research grants recognized as revenue                  | (430,851)           | (259,150)           |
| Amounts transferred to deferred capital contributions  | (508,692)           | (1,704)             |
| Government grants recognized as revenue                | (120,259)           | (63,319)            |
| Amounts returned to grantor                            | (917)               | -                   |
| Amounts transferred to endowments                      | (25,133)            | -                   |
|  | <b>(2,050,184)</b>  | <b>(1,066,775)</b>  |
| <b>Ending balance, related to operating fund</b>       | <b>5,588,089</b>    | <b>6,039,885</b>    |
| <b>Beginning balance, related to investment income</b> | <b>1,581,941</b>    | <b>1,416,229</b>    |
| Add:   |                     |                     |
| Dividend and interest income earned                    | 388,512             | 194,924             |
| Changes in unrealized (losses) gains                   | (828,270)           | 122,010             |
|  | <b>(439,758)</b>    | <b>316,934</b>      |
| Less:  |                     |                     |
| Amount recognized as investment income in the period   | (47,772)            | (117,812)           |
| Amount added directly to endowments                    | (19,141)            | (33,407)            |
|  | <b>(66,913)</b>     | <b>(151,219)</b>    |
| <b>Ending balance, related to investment income</b>    | <b>1,075,270</b>    | <b>1,581,944</b>    |
|  | <b>\$ 6,663,359</b> | <b>\$ 7,621,829</b> |

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

8. MORTGAGE PAYABLE

The mortgage payable to The King's Group Registered Retirement Savings Plan (King's RRSP) is secured by a second mortgage against the land and buildings. The King's RRSP is trustee by Concentra Trust and managed by Concentra Bank. Funds may be advanced to a maximum of \$15 million bearing interest at a variable rate set quarterly at least equivalent to Bank of Montreal rate for one year on non-redeemable guaranteed investment certificates under \$100,000. For the quarter ended March 31, 2020, the rate was 2.45% (2019 - 2.40%). Interest is compounded quarterly and reinvested in the mortgage until the full advance has been paid. All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the legal right of planholders to demand repayment, the mortgage payable has been classified as a current liability. The minimum required repayments are made once annually, and are based on federal regulations and requested additional repayments.

Scheduled minimum repayments in each of the next five years are approximately as follows:

|                  | <b>2020</b>         |
|------------------|---------------------|
| 2021             | \$ 314,600          |
| 2022             | 328,200             |
| 2023             | 345,500             |
| 2024             | 355,300             |
| 2020             | 374,300             |
| Subsequent years | 7,980,129           |
|                  | <b>\$ 9,698,029</b> |

9. DEBENTURE PAYABLE

Debenture payable to ATB Financial is secured by a General Security Agreement covering all assets of the University and a debenture agreement in the amount of \$10,000,000 providing a floating charge over all undertakings of the University and a fixed charge on specified lands. Interest at bank prime plus 1.00% is payable monthly.

There are two loan facilities outstanding: Facility 2 for \$1,462,052 and Facility 3 for \$147,177.

Facility 2 requires annual principal repayments of \$235,000. Prepayments and payouts in full are permitted at anytime without penalty or bonus.

Facility 3 requires annual principal repayments of \$130,453 over the next 2 years.

The debenture is due on demand. At March 31, 2020, the effective interest rate was 3.45% (2019 - 4.95%). The University is required to maintain a debt service coverage ratio of at least 1.25:1.

Minimum repayments are as follows:

|            |                     |
|------------|---------------------|
| 2021       | \$ 365,453          |
| 2022       | 251,725             |
| 2023       | 235,000             |
| 2024       | 235,000             |
| 2025       | 235,000             |
| Thereafter | <u>287,052</u>      |
|            | <b>\$ 1,609,230</b> |

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

10. LONG TERM DEBT

|  | 2020              | 2019                |
|--|-------------------|---------------------|
| Various notes payable, unsecured, at variable interest rates from 0% to 3.05%, are repayable at various maturity dates through to September 2, 2025. | \$ 2,036,965      | \$ 2,489,434        |
| Amounts payable within one year  | (1,120,115)       | (1,157,563)         |
|  | <b>\$ 916,850</b> | <b>\$ 1,331,871</b> |

Principal repayment terms are approximately:

|            |                            |
|------------|----------------------------|
| 2021       | \$ 1,120,115               |
| 2022       | 210,766                    |
| 2023       | 535,585                    |
| 2024       | 60,426                     |
| 2025       | 60,000                     |
| Thereafter | <u>50,073</u>              |
|            | <b><u>\$ 2,036,965</u></b> |

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the net book value of contributed property and equipment, and property and equipment purchased with restricted contributions. The changes in the deferred capital contributions balance are as follows:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Balance, beginning of year   | \$ 2,640,372        | \$ 2,799,747        |
| Capital contributions from donors  | 502,000             | 57,087              |
| Capital Contributions from government  | 8,692               | 64,302              |
| Amounts amortized to revenue, included in government grants, donations and research grants | (267,545)           | (280,763)           |
| Balance, end of period   | <b>\$ 2,883,519</b> | <b>\$ 2,640,373</b> |

Amounts amortized to revenue, and included in government grants and donations are \$79,795 and \$187,750, respectively.

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

12. ENDOWMENTS

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Balance, beginning of period                           | \$ 3,592,893        | \$ 3,239,217        |
| Net contributions and earnings on restricted donations | 159,155             | 353,676             |
| <b>Balance, end of period</b>                          | <b>\$ 3,752,048</b> | <b>\$ 3,592,893</b> |

Balance consists of the following:

| Designated for scholarships, bursaries or awards in: |                     |                     |
|--|---------------------|---------------------|
| Various disciplines                                  | \$ 621,512          | \$ 574,895          |
| Commerce   | 575,630             | 560,176             |
| Christian ministry or service                        | 461,625             | 456,490             |
| Education  | 393,723             | 283,693             |
| Music  | 351,904             | 351,693             |
| Natural Sciences                                     | 276,637             | 320,725             |
| Arts   | 268,801             | 264,583             |
| Political Science, History, Economics                | 190,225             | 186,176             |
| Environmental Sciences                               | 149,277             | 137,743             |
| Social Sciences                                      | 131,954             | 129,114             |
| Mephibosheth Scholarship                             | 107,554             | 107,554             |
| Alumni Student Assistance Program                    | 100,021             | 99,662              |
| Other  | 71,695              | 68,899              |
| Micah Centre   | 51,490              | 51,490              |
|  | <b>\$ 3,752,048</b> | <b>\$ 3,592,893</b> |

The increase in endowments relates to \$140,016 for new endowment donations, \$17,600 for CPI indexing and \$1,539 for non-cash donations of investments.

13. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets represent funds designated by the Board of Governors. The principal is to be held intact and investment earnings on the principal are to be used for scholarships, bursaries and awards.

14. RESIDENCE AND OTHER SALES

|                     | 2020                | 2019                |
|---------------------|---------------------|---------------------|
| Residence           | \$ 831,962          | \$ 882,138          |
| Food services       | 597,672             | 580,257             |
| Conference services | 344,222             | 389,182             |
| Bookstore           | 232,921             | 370,940             |
| Other               | 73,171              | 68,139              |
|                     | <b>\$ 2,079,948</b> | <b>\$ 2,290,656</b> |

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

15. INVESTMENT INCOME

|   | 2020             | 2019              |
|---|------------------|-------------------|
| Amounts recognized (deferred)                     | \$ 519,818       | \$ (165,714)      |
| Dividend and interest income earned in the period | 388,513          | 194,924           |
| Interest income earned on general bank account    | 9,279            | 2,056             |
| Amounts added directly to endowments              | (19,141)         | (33,407)          |
| Changes in unrealized (losses) gains              | (828,274)        | 122,010           |
|   | <b>\$ 70,195</b> | <b>\$ 119,869</b> |

16. BUDGET

The budget was approved by the Board of Governors on September 27, 2019. The budgeted amounts have been provided for information purposes only and are unaudited.

17. PENSION PLAN

The pension expense recorded in these financial statements represents the University's annual contributions payable of \$720,594 for the year ended March 31, 2020 (2019 - \$707,659).

An actuarial valuation of the Canadian Christian School Pension Plan and Trust Fund (the Plan) was done August 31, 2018 by consulting actuary Mercer. In April 2018, the trustees elected to declare the CCSPP Plan to be a Specified Ontario Multi-Employer Pension Plan because the Ontario government had published regulations that put in place new funding rules for defined benefit pension plans effective May 2018. Due to aforementioned election, the next actuarial valuation is required to be performed as of August 31, 2021.

The major assumption changes in the 2019 actuarial estimate include reducing the discount rate for terminated members electing lump-sum distribution to 3.48% from 3.73% on the present value of accumulated plan benefits; and increasing the 2018 actuarial estimate of the present value of accumulated plan benefits discount rate for terminating members electing a lump-sum distribution from 3.23% to 3.73%. These are presuming the plan will continue, but could change results if the plan were to terminate.

In 2019, the Plan reported a deficit of approximately \$23 million in a fund with net assets available for benefits of approximately \$397 million and pension obligations of \$420 million.

18. COVID-19

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the University or its donors, employees, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the University's operations, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the University's cash flow, financial condition, collection of accounts receivable, or results of operations. The extent to which the COVID-19 outbreak impacts the University's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2020**

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19. FINANCIAL INSTRUMENTS

The University is exposed to various risks through its financial instruments. The following analysis provides information about the University's risk exposure and concentration as of March 31, 2020. Unless otherwise noted, the University's risk exposure has not changed from the prior year.

*Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The University is exposed to credit risk from customers, and the maximum exposure to this risk is the carrying value of accounts receivable on the balance sheet. The University has a significant number of students and customers which minimizes concentration of credit risk.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The University is exposed to this risk mainly in respect of its receipt of funds from its students, donors and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable. Shortfalls are met with the use of the available credit facilities.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The University is mainly exposed to market risk through its exposure to potential fluctuations in investment values.

*Currency risk*

Currency risk is the risk to the University's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The University is exposed to foreign currency exchange risk on cash (\$29,620 CAD) (2019 - \$28,644 CAD) and accounts receivable (\$10,186 CAD) (2019 - \$13,036 CAD) held in U.S. dollars. These amounts are of short duration, which minimizes the University's exposure to foreign currency fluctuations.

*Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the University manages exposure through its normal operating and financing activities. The University is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.



**THE KING'S UNIVERSITY**

**Consolidated Statement of Operations by Function**

**(Schedule 1)**

**Year Ended March 31, 2020**

|   | Budget<br>(Note 16) | 2020          | 2019         |
|---|---------------------|---------------|--------------|
| <b>REVENUE</b>                              |                     |               |              |
| Tuition fees                                | \$ 10,501,705       | \$ 10,096,301 | \$ 9,522,225 |
| Government grants                           | 5,073,643           | 5,254,578     | 5,183,137    |
| Donations                                   | 2,629,598           | 2,416,447     | 2,371,755    |
| Residence and other sales (Note 14)         | 2,388,265           | 2,079,948     | 2,290,656    |
| Research grants                             | 335,086             | 579,495       | 411,321      |
| Other income                                | 97,796              | 184,417       | 380,873      |
| Investment income (Note 15)                 | 171,200             | 70,195        | 119,869      |
|   | 21,197,293          | 20,681,381    | 20,279,836   |
| <b>EXPENDITURES</b>                         |                     |               |              |
| Instruction                                 | 7,181,299           | 7,040,532     | 7,071,435    |
| Student services                            | 3,896,264           | 3,951,851     | 3,674,012    |
| Physical plant                              | 2,702,100           | 2,409,929     | 1,818,231    |
| Ancillary services                          | 1,452,677           | 1,692,696     | 2,433,976    |
| Institutional support                       | 1,888,936           | 1,670,736     | 1,536,909    |
| Institutional advancement                   | 1,489,094           | 1,394,754     | 1,365,365    |
| Academic support and library                | 969,708             | 953,706       | 688,150      |
| Computer services                           | 951,264             | 753,865       | 815,358      |
| Research                                    | 232,351             | 368,164       | 347,818      |
| Interest on long term and other liabilities | 433,600             | 243,610       | 384,734      |
|   | 21,197,293          | 20,479,843    | 20,135,988   |
| <b>EXCESS OF REVENUE OVER EXPENDITURES</b>  | \$ -                | \$ 201,538    | \$ 143,848   |