



The King's University

# Annual Report

2018/19

For the fiscal year ended 31 March 2019  
Submitted 30 September 2019

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## Accountability Statement

The King's University's Annual Report for the year ended March 31, 2019 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

The King's University is 40 years old!

On September 3, 1979, The King's University (King's) officially opened with all the appropriate pomp and ceremony. There has been so much to be thankful for in the intervening years. The vision of a Christian university that so animated our founding community still animates us today. We seek to be widely known as a Christian university serving to build a more humane, just, and sustainable world.

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 2018-19 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 2018-19 were: a specific ceremony within Convocation of our indigenous graduates; the renewal of the King's common curriculum and student learning outcomes; approval to move forward with a new Academic Enrichment Centre to support student learning; a renewal of our Board governance structures to align with best practices; and the development of a comprehensive strategic enrolment marketing and management plan.

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 2018-19 was 25.6% of revenues, well below the targets in the MacKinnon report of 36-44%. Currently, students bear 47% 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.



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<sup>1</sup>, 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

<sup>1</sup> The King's University College Amendment Act, 2015 (assented to December 11, 2015)

With respect to Governance, The King's University has a bicameral model of university governance. As a 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 2018 Comprehensive Institutional Plan had some well-defined goals as to what should be accomplished in the 2018/19 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 2018/19 academic year was a year of incremental enrolment growth. Student enrolment increased by 4.3% (based on FLE). In the 2018/19 academic year, we observed no change in the frosh retention rate from 69.4% in 2017/18 to 69.6%. The overall retention rate decreased marginally, from 76.6% in 2017/18 to 75.2% in 2018/19.

The total number of applications in the 2018/19 academic year was 734, up from 718 in 2017/18. In 2018/19 the number of new admissions as a percentage of the number of applications was 80.5%, as compared to 81.6% in 2017/18. The number of new students attending the university was 332 in 2018/19 (45.2% of applications). The number of new students in 2017/18 was 334 (46.5% 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>			
	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 aboriginal peoples of Alberta.	In progress	Formal acknowledgement of indigenous graduands at the university's graduation convocation ceremony.	2019
P1.2	Pursue partnerships and collaboration with national and international Christian higher education institutions.	In progress	No new partnerships and collaborations were developed in 2018-19.	2020
<b>Expected Outcomes</b>				
EO1	Acknowledge Treaty 6 indigenous peoples and traditional territories at significant ceremonial events (e.g. Convocation).	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

EO2	Develop opportunities for intercultural learning, student exchange and faculty research collaboration.	In progress	In 2018-19 13 Student participated in the Field course in International Development offered in Honduras. The Field course in Global Development and Justice in Mexico was taken by 6 students. Two students enrolled in Global internships, one in Uganda, the other in Bangladesh. Both gained considerable firsthand international experience.  Approximately 50 students collaborated with faculty members on research projects.	Ongoing
<b>Performance Measures</b>				
PM1.1a	Create guidelines for acknowledgement of indigenous peoples and lands at ceremonial events.	October 2018	The University has adopted guidelines for the acknowledgement of indigenous graduates at the annual graduation convocation at the end of the academic year.	April 2019
PM1.1b	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	As part of ACAT, The King's University approved transfer agreements with Blue Quills First Nations College, Maskwacis Cultural College, Yellowhead Tribal College, and Red Crow College in the 2018-19 academic year.	Ongoing
PM1.1c	Orient first-year students to the Truth and Reconciliation commemorative bench and The King's University Expression of Reconciliation.	Complete	This has become standard practice during the orientation of first-year students to The King's University.	Complete
PM1.1d	Visit First Nations institutions in Alberta for the purpose of learning, honouring and relationship building.	In progress	Not accomplished	2020
PM1.2	Sign Memorandum(s) of Understanding with international Christian higher education institutions.	Complete	No additional Memorandums of Understanding have been signed beyond the existing five institutions. <ul style="list-style-type: none"> <li>• Károli Gáspár University of the Reformed Church in Hungary (KRE), Budapest, Hungary</li> <li>• LCC International University, Klaipėda, Lithuania</li> </ul>	2020

			<ul style="list-style-type: none"> <li>• Handong Global University, Pohang, South Korea</li> <li>• Christelijke Hogeschool<sup>2</sup> Ede (CHE), Ede, The Netherlands</li> <li>• Institute for Christian Studies (ICS), Toronto, Canada</li> </ul>	
<b>Goal 2</b>	<b>Strengthen Teaching &amp; Research</b>			
	The University will prioritize the development of innovative programs, pedagogy, research and practices that engage students, alumni and the community.			
<b>Priority Initiatives</b>				
P2.1	Develop a fresh articulation of the university's foundations curriculum and its relationship to the various degree programs.	December 2018	<p>A new Foundations Curriculum, entitled The King's Common Curriculum was adopted by the Faculty Council in June 2018. The 2018-19 academic year was used for faculty to discuss the implementation of this curriculum.</p> <p>The King's Common Curriculum was implemented starting with the 2019-20 academic year.</p>	September 2019
P2.2	Launch five new academic programs that advance the university's mission and vision.	In progress	<p>Proposal for a 4-year B.Sc. Interdisciplinary Science degree has been reviewed by two external reviewers and will be submitted to the Ministry of Advanced Education by October 15, 2019.</p> <p>A Proposal for a 4-year B.A. Philosophy degree has been developed. It will go out for external review by October 31, 2019.</p> <p>A proposal for a Bachelor of Kinesiology degree is waiting for funding before it will be submitted for approval.</p>	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	2020
<b>Expected Outcomes</b>				
EO2.1	Greater student awareness of the significance and importance of the	April 2021	The King's Common Curriculum was implemented with the Fall term of the 2019-20 academic year. At the end of this academic year, we will begin the ongoing evaluation of this new foundations curriculum.	Ongoing

<sup>2</sup> Christian University of Applied Sciences

	foundations curriculum in their area of study.			
EO2.2a	Students graduating with a 4-year Bachelor of Arts in Sociology degree.	April 2020	A third tenure-track faculty member has been appointed.	April 2020
EO2.2b	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
EO2.2c	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 2023
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 have been made for submitting a grant proposal to SSHRC in 2020 for funding this conference in 2021.	2021
<b>Performance Measures</b>				
PM2.1	Implement a refreshed foundations curriculum that has well-defined student learning outcomes and that forms an integral part of the various degree programs.	Sept 2019	The new Foundations curriculum, entitled The King's Common Curriculum, was implemented with the start of the Fall term of the 2019-20 academic year.	Ongoing
PM2.2a	Receive approval to offer a 4-Year Bachelor of Arts in Sociology degree. The Campus Alberta Quality Council has recommended this program proposal for approval to the Minister of Advanced Education. Approval has been received.	Complete	This academic program is currently being offered.	Ongoing
PM2.2b	Receive approval to offer a 4-Year Bachelor of	Sept 2019	Delayed. Proceeding with this academic program proposal is dependent on securing funding for it.	2021

	Kinesiology degree. The program proposal is anticipated to be submitted to the Department of Advanced Education in early Fall 2018.			
PM2.2c	Receive approval to offer a 4-year Bachelor of Science in General Sciences degree. The program proposal is anticipated to be submitted to the Department of Advanced Education in early Fall 2018.	Sept 2019	Requires approval by the Ministry of Advanced Education.	September 2020
PM2.3	Obtain successful Tier II Canada Research Chair nomination in Continental Philosophy of Religion. Dr. Neal DeRoo's nomination was approved in April 2017.	Complete	In 2018 King's submitted two Tier II Canada Research Chair nomination. One of the nominations was successful.  Dr. Elizabeth Willson Gordon holds a Tier II Canada Research Chair in Modern Literature and Print Culture.  We are currently preparing a nomination for a Tier II Canada Research Chair in Transition to Sustainability.	April 2020
<b>Goal 3</b>	<b>Equip Student Success</b> 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.			
<b>Priority Initiatives</b>				
P3.1	Establish an Academic Enrichment Centre to support students with a variety of academic needs and academic preparedness.	In progress	Private funding has been received for the construction of an Academic Enrichment Centre.  The centre will be officially opened in the Spring of 2020.	Spring 2020
P3.2	Develop campus spaces that foster well-being, learning, and community engagement, both for residential students and commuting students.	In progress	Creation of a wellness room through the office of community wellness.	Ongoing
P3.3	Develop and implement policy and procedures for	On-going	The University has an annual education program that introduces students to the	Ongoing

	Sexual Violence Prevention.		policies and procedures for sexual violence prevention.	
<b>Expected Outcomes</b>				
EO3.1a	Develop baseline statistics and key performance indicators for student use of academic and personal support services.	In progress	Utilization of Touchstone (Pharos 360 software) to track student academic and student care cases.	Ongoing
EO3.1b	Target strategies for non-traditional, international and aboriginal students.	In progress	Creation of an indigenous student club and programming through the office of intercultural student support.	Ongoing
EO3.2	Increase use of the existing spaces in the residence hall and in the academic buildings for the purposes of community building and learning collaboration.	Complete	Enhance utilization of study lounge, student gathering spaces, and enhance residential programming.	Ongoing
EO3.3a	Develop Sexual Violence Prevention Policy.	Complete	A Sexual Violence Prevention policy was developed and implemented in 2018.	Ongoing
EO3.3b	Develop Sexual Violence Prevention Procedure.	Complete	Sexual Violence Prevention Procedures were implemented in 2018.	Ongoing
EO3.3c	Conduct a Consent Campaign to educate students and employees on the new policy and procedures.	Ongoing	The University has an ongoing Consent campaign, especially during the red zone (first two weeks of each term) to educate student and employees.	Ongoing
<b>Performance Measures</b>				
PM3.1	Compile statistics on the use of academic and personal support services.	Recurring	Utilization of Touchstone (Pharos 360 software) to track student academic and student care cases. This software has reporting functionality.	Ongoing
PM3.2	Survey the student population with respect to the functionality of the residences and the academic building spaces for community building	Ongoing	In the 2019-20 academic year, the University is reviewing its residence facility. This review will address the functionality of all student spaces and programming.	2020

	and collaborative learning.			
PM3.3	In the absence of a provincial standard and mechanism for reporting, the Student Life department will monitor the level of reporting and the effective application of the policy and procedures.	Ongoing	The University is monitoring the Sexual violence on campus.	Ongoing
<b>Goal 4</b>	<b>Empower People</b>			
	The University will prioritize practices that empower and equip people to thrive and develop.			
<b>Priority Initiatives</b>				
P4.1	Implement an annual Board Governance training workshop.	Complete	Developed a Board Governance training workshop.	Ongoing
P4.2	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 completed the development of a comprehensive Orientation Program Vision and Framework. This program is being implemented in the current academic year.	2020
<b>Expected Outcomes</b>				
EO4.1	Equip the Board of Governors to fulfill their mandate for guiding, maintain accountabilities and mission fulfillment.	Complete	An annual Board Governance training workshop has become a standard part of the two-day fall meeting of the Board of Governors.  Developed a SharePoint site for the Board of Governors with all the relevant policies and other pertinent documents.	Ongoing
EO4.2	Improve employee satisfaction with the onboarding, training, support, and development	In progress	Development policy has been updated. In order to assess employee satisfaction with the onboarding, training, support and development opportunities at the University, the Human Resources department is	Ongoing



	opportunities that exist within the University.  The professional Development policy is being updated by the Human Resources department.		conducting a series of Round Table discussions.	
<b>Performance Measures</b>				
PM4.1	Annual review of the effectiveness of the Board of Governors.	Complete	A new structure for the Board of Governors has been implemented. The selection and appointment process for new governors takes into account the specific expertise and skills needed to govern the university.	Ongoing
PM4.2	Demonstrate an improvement in employee satisfaction with training, support, and development opportunities through best workplace survey.  The survey has been completed and the results are being discussed with the employees.	In progress	Once the Human Resources department has conducted the Round Table discussions, the university will have a more informed measure of employee satisfaction.	2020
<b>Goal 5</b>	<b>Advance Sustainability</b> The University will prioritize financial and ecological sustainability.			
<b>Priority Initiatives</b>				
P5.1	Develop and execute a Strategic Enrolment Strategy that increases the total undergraduate FLE to 1,000.	2025; In progress	Have identified priority high schools.  Enhanced Winter term course offerings to address the needs of students who start their studies in the winter term.  Located a recruiter in British Columbia.  Have contracted with four international recruiters.  Increased retention by introducing an early academic alert system.	Ongoing
P5.2	Develop a strategy for cultivating new financial donors including the members of The King's University Foundation.	In progress	The focus is on identifying donors for such Board of Governors approved projects as the Micah Centre, the Academic Enrichment Centre, and the envisioned Science Centre.	Ongoing

P5.3	Increase the capacity of departments and units to manage their budgets more effectively.	Complete	No new initiatives were needed. Implementation of the BudgetPak software is completed.	Complete
P5.4	Establish a multi-year plan for debt reduction.	Ongoing	No changes in plan were made.	ongoing
P5.5	Develop a Campus Master plan that is financially viable, ecologically responsible and innovative.	Complete	The plan is completed. No changes were made.	ongoing
P5.6	Appoint a presidential committee on financial sustainability.	Complete	Work of the committee is ongoing.	ongoing
<b>Expected Outcomes</b>				
EO5.1	The University's Strategic Enrolment Management Plan calls for the following enrolments:  <b>Enrolment Year (Headcount)</b> 2015 16 740 2016-17 777 2017-18 822 2018-19 914 2019-20 951 2020-21 1000	On target	The headcount for the 2017-18 academic year was 890.  The headcount for the 2018-19 academic year was 893.	2020
EO5.2	Increase in the number of financial donors.	In progress	Identify capital and operation projects that can be donor-funded.	Ongoing
EO5.3	Train budget managers on new budget and accountability software systems.	Complete	No new initiatives were needed. Implementation has been completed.	Complete
EO5.4	Decrease in the University's accumulated debt.	In progress	Minor progress has been made in decreasing the University's accumulated debt.	Ongoing
EO5.5	Develop fiscally responsible fundraising	In progress	Advancement department is conducting a feasibility study for funding campus expansion.	2021

	plans for campus expansion.			
EO5.6	Develop plans to achieve long-term financial sustainability.	In progress	Operating in the reality of limited government funding, the long-term financial stability of the university is an ongoing item of discussion.	Ongoing
<b>Performance Measures</b>				
PM5.1	An increase in the annual enrolment statistics. Attain Fall 2017 enrolment of 821.	Complete	In the 2017-18 academic year, the enrolment was 890 (headcount). In the 2018-19 academic year, the enrolment was 893 (headcount).	Ongoing
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 cumulative amount of time spent on annual budget development and monitoring.	In progress	The university-wide adoption of the Budget Pak software has decreased the time spent on budget development and monitoring.	Completed
PM5.4	Decrease the accumulated debt as evidenced in the Financial Statements of the University.	In progress	A minor decrease in the accumulated debt of the university has been made.	Ongoing
PM5.5	Approval by the Board of Governors to proceed with fundraising for campus expansion.	In progress	Awaiting the results of the feasibility study that is being conducted by the Advancement department.	2020
PM5.6	Approval by the Board of Governors of policies that will lead to long-term financial sustainability.	In progress	No additional policies have been developed.	Ongoing

## Financial and Budget Information

Table 2 Operations 2018-2019 Actual vs. Budget (\$ thousands) below provides actual vs. budgeted revenues and expenses for the year 2018-2019.

Table 2 Operations 2018-2019 Actual vs. Budget (\$ thousands)

	Actual	Budget	
	2018-19	2018-19	Difference
<b>Revenue</b>	\$9,522	\$9,695	\$ (173)
Tuition	5,594	4694	900
Government funding	2,372	2747	(375)
Donations Residence & other	2,792	3119	(327)
Total	20,280	20526	(246)
<b>Expenses</b>			
Salaries and benefits	12,409	12,794	385
Amortization	1,616	1616	0
Interest	385	423	38
Cost of sales	965	897	(68)
Scholarships, awards	765	803	38
Maintenance, repairs	432	505	73
Utilities	496	508	12
Advertising	159	130	(29)
Honoraria	161	137	(24)
Insurance/Taxes	132	131	(1)
Memberships	50	86	36
Postage	83	93	10
Printing	86	112	26
Supplies	340	376	36
Service Charges	105	97	(8)
Software/Electric Resources	350	330	(20)
Travel/Hospitality/Conference	664	725	61
Other expenses	938	761	(177)
Total	20,136	20,526	390
<b>Surplus (Deficit)</b>	\$ 144	\$ -	\$ 144
<b>Enrollment FLE</b>	682	697	

The University realized the following in the past year:

- A salary grid adjustment of 1% to employees;
- Provincial government funding increase of 2%;
- Tuition increase of 3.8%;
- Enrolment increase of 1.2%;
- Surplus of \$144,000 (the first since 2014); and

- Capital purchases of \$995,000 in 2018-19 some of which is shared with donor and fundraising efforts.

The Board of Governors is pleased with improvements achieved with fiscal restraints in 2018-19. Donations are a continuing area of challenge in the economic climate of the province.

Going forward, King's has adjusted employee salary grids by 1.0% for 2019-20. The University expects a further 2% growth in student numbers due to increased marketing strategies and a heightened awareness on student retention and growth. The University has increased tuition an additional 2% for 2019-20.

King's will focus on improving revenues by implementing its strategic plan, Shared Vision 2020, focusing marketing efforts and recruiting. Operating costs will be continually reviewed for administrative efficiencies that enhance student service, but significant reductions are not anticipated.

## Enrolment Plan and Program Changes

### Enrolment Management Plan

In the past year, King's completely revised its Strategic Enrolment Management and Marketing plan. The plan has aspirational targets of 1,000 students by the end of the 2019-20 fiscal year. Our 2018-19 FLE grew by 4.3% from the past year. This growth came from three of four key strategy areas:

- Increased domestic recruitment of first-year students
- Increased student retention
- Increased international student recruitment
- Improvements in transfer student recruitment

### FLE Projections vs Actual

As stated in our most recent Comprehensive Institutional Plan, 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. 2018-19 Actual FLE were 19.5 FLE below projected FLE but 4.3% above the previous year.

**Table 3 Institutional FLE and Headcount**

Year	FLE	Headcount
2016-17 Actual	625.903	851
2017-18 Preliminary	654.340	890
<b>2018-19 Projected</b>	<b>701.997</b>	<b>914</b>
<b>2018-19 Actual</b>	<b>682.449</b>	<b>893</b>

### *Domestic recruitment*

Domestic applications increased from 508 in Fall 2017/18 to 589 in 2018/19. However, we saw only a slight increase in registrations with a total of 311 new domestic students attending in 2018/19 compared to 308 in 2017/18.

### *Student Retention*

Overall student retention declined from 76.6 in 2017/18 to 75.2 in 2018/19. Frosh retention remained steady at 69%.

### *International enrolments*

With the addition of a dedicated International Admissions Counselor, our international enrolment has grown by 10.2% from 46.950 FLE in 2017-18 to 51.757 FLE in 2018-19, 6.5% more than projected. We hope that this will grow as we put more effort into working with international agents.

Table 4 International FLE

Year	International FLE
2016-17 Actual	38.827
2017-18 Actual	46.950
<b>2018-19 Projected</b>	<b>48.600</b>
<b>2018-19 Actual</b>	<b>51.757</b>

### *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 7,800 transfer credit agreements and are seeking to expand those in two ways.

#### *Course by Course*

The large majority of our agreements are at the course by course level. With the redevelopment of ACAT systems to record only institutional decisions on transfer credit removing the incentive for institutions to submit their courses for King's consideration, but the changes to the system have made the publishing of transfer decisions easier and faster. In addition to agreements with ACAT institutions, we began assessment of courses for course by course transfer agreements with additional non-member institutions.

#### *Program Level*

We hope to add program-to-program learner pathway agreements and now have an admission counsellor whose efforts will be geared toward Transfer and Bachelor of Education students in the coming years.

Creating block transfers by program for non-university transfer diplomas has regularly stumbled over fulfilling King's general education requirements. A recent review of those requirements has been completed, resulting in a significantly revised "King's Common Curriculum." The first cohort of students under this revised set of requirements enters in 2019-20. We already have some preliminary evidence that greater flexibility of the common curriculum will exist for transfer students, and that should make program-to-program agreements easier to arrive at.

### *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: History, Philosophy, Psychology, Sociology, and Social Sciences.
- 3-year Bachelor of Science: Biology and Chemistry.
- 4-year Bachelor of Arts: History.
- 4-year Bachelor of Science: Biology, and Computing Science.
- Bachelor of Commerce.
- Bachelor of Education after degree: Elementary and Secondary.

Enrolments in the remaining concentrations or majors were below projected FLEs. Factors that would have contributed include the growing tuition gap between public institutions and the independent academic institutions, some of which may be addressed in the near future. Additional factors include a growing operational grant gap as the public sector institutions received tuition backfill and the independent academic institutions did not, which resulted in the aforementioned need to increase our tuition to balance our budget.

Table 5 FLE By Degree and Major/Concentration

Degree	Major or Concentration	2016/17 Actual	2017/18 Preliminary	2018/19 Projected	2018/19 Actual
<b>3-year Bachelor of Arts</b>	Biology	4.207	3.952	<b>4.136</b>	<b>1.71</b>
	Chemistry	0.290	0.290	<b>0.303</b>	<b>0.00</b>
	English	18.908	18.399	<b>19.255</b>	<b>15.092</b>
	History	14.741	8.820	<b>9.230</b>	<b>10.900</b>
	Music	6.726	3.186	<b>3.334</b>	<b>3.208</b>
	Philosophy	2.918	4.200	<b>4.395</b>	<b>5.226</b>
	Psychology	32.103	28.922	<b>30.267</b>	<b>31.485</b>
	Sociology	17.929	15.781	<b>11.836</b>	<b>12.974</b>
	Social Science Group	13.174	17.137	<b>17.934</b>	<b>26.507</b>
Theology	8.177	8.257	<b>8.641</b>	<b>8.289</b>	
Undeclared	33.743	31.637	<b>33.109</b>	<b>17.880</b>	
<b>4-year Bachelor of Arts</b>	English	24.056	23.988	<b>25.104</b>	<b>21.444</b>
	Environmental Studies	20.516	22.516	<b>23.563</b>	<b>20.460</b>
	History	9.288	11.930	<b>12.485</b>	<b>15.057</b>
	Music	6.474	3.982	<b>4.167</b>	<b>3.192</b>
	Politics History & Economics	30.542	32.822	<b>34.349</b>	<b>33.000</b>
	Psychology	62.065	64.533	<b>67.535</b>	<b>65.561</b>
Sociology	-	2.202	<b>24.202</b>	<b>5.957</b>	
<b>Bachelor of Commerce</b>		68.549	69.269	<b>72.491</b>	<b>75.202</b>
<b>2-year Bachelor of Education (after degree)</b>	Elementary Education	43.499	49.582	<b>51.889</b>	<b>58.683</b>
	Secondary Education	25.900	46.733	<b>48.907</b>	<b>56.933</b>
<b>Bachelor of Music</b>	Music	14.357	16.046	<b>16.792</b>	<b>16.023</b>
<b>3-year Bachelor of Science</b>	Biology	10.673	10.205	<b>10.680</b>	<b>16.171</b>
	Chemistry	6.307	3.305	<b>3.459</b>	<b>3.741</b>
	Undeclared	16.058	13.267	<b>13.884</b>	<b>10.608</b>
<b>4-year Bachelor of Science</b>	Biology	64.793	67.208	<b>70.335</b>	<b>71.997</b>
	Chemistry	22.442	17.466	<b>18.279</b>	<b>16.461</b>
	Computing Science	22.591	31.659	<b>33.132</b>	<b>36.329</b>
	Environmental Studies	24.877	27.046	<b>28.304</b>	<b>22.359</b>
	Interdisciplinary Science (Proposed)	-	-	-	-
<b>Total</b>		625.903	654.340	<b>701.997</b>	<b>682.449</b>



## New Programs

### Interdisciplinary Science

To serve students interested in health sciences (e.g. nursing, physical therapy, medical/dental school, and health administration), or teaching science at the elementary or secondary level, a program in Interdisciplinary Science has been designed. It has moved through our internal approval processes and will be forwarded to Advanced Education this Fall. This 4-year Bachelor of Science program draws students into all areas of scientific study, though allowing a concentration in particular areas that suit future study and vocational goals. This draws on our existing strengths in science and will allow us to bolster areas in which we cannot yet offer a concentration or major, such as astronomy, physics, and mathematics. Recently we added to this proposal a stream that includes Kinesiology.

### Kinesiology

The full Bachelor of Kinesiology proposal is awaiting the identification of funding for both staffing and lab facilities. Incremental growth in Kinesiology is on-going. As noted above, the proposed Interdisciplinary Science program includes a stream in Kinesiology. Our 3-year Bachelor of Arts in Social Science now permits the inclusion of kinesiology courses, and we offer a minor/second concentration in Kinesiology. Through these, students have a pathway to our Bachelor of Education in Secondary Education with a teachable major in Physical Education.

## Research, Applied Research, and Scholarly Activities

When The King's University was established as a post-secondary institution in 1979, faculty members were expected to be involved in scholarship. A deliberate institutional effort continues to be made in order to maintain this unique feature and to involve undergraduate students in faculty scholarship. As can be noted from the table below, this institutional requirement and faculty commitment result in a scholarship culture that continues to yield a significant number of scholarly publications at a primarily undergraduate university. It also demonstrates the active participation of undergraduate students in this work. In the past five years, faculty members produced approximately 148 scholarly publications per year. On average, 27% of these scholarly publications involved the participation by undergraduate students.

Table 6 Summary of Scholarly Contributions – 2015-2019

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		2
Book Chapter	4	8	8	6	6
Article – Refereed Journal	14	15	28	19	34
Article – Non-refereed Journal	1	9	3	4	3
Creative work, publication, or performance	3	15	33	13	8
Conference/Scholarly meeting presentation	36	65	60	72	54
Refereed Conference presentation	20	33	29	20	12
Other scholarly work	16	19	45	27	22
<b>Total Scholarly Contributions</b>	<b>98</b>	<b>166</b>	<b>206</b>	<b>161</b>	<b>146</b>
<b>Undergraduate Student involvement</b>					
Research Assistance and Authorship	19	40	50	42	33
Research Assistance only	3	10	11	6	16
<b>Grand total</b>	<b>22</b>	<b>50</b>	<b>61</b>	<b>48</b>	<b>49</b>

As documented in Table 7 Research Funding – 2010-2019, funding for scholarly activity comes from three sources:

- Federal Tri-Council Agencies SSHRC and NSERC, external sources as Alberta Environment and Parks, and the Alberta Conservation Association,

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

Table 7 Research Funding – 2010-2019

Fiscal Year	Source			Total
	External Funding	Internal Research Funds and Conference/PD	Net Salary Cost of Sabbaticals	
	\$	\$	\$	\$
2010	274,767	56,234	10,284	341,285
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
<b>Total</b>	<b>3,529,951</b>	<b>662,576</b>	<b>433,363</b>	<b>4,625,890</b>

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	<ul style="list-style-type: none"> <li>• Psychological barriers to constructive dialogue on sexual and gender diversity.</li> <li>• Spiritual expressions and the promise of Phenomenology.</li> <li>• Improving supportive cancer care.</li> <li>• Alternatives to deception in psychological research.</li> <li>• The Burning Bush, The Theotokos, and the Theology-Science Relationship.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Faith-based environmental work in Canada</li> <li>• Environmental monitoring and assessment</li> <li>• Conservation Agriculture and farming God's way in Kenya.</li> <li>• Economic impacts of Teck's Frontier oil sands mine.</li> <li>• Fire and whitebark pine recovery strategies.</li> <li>• Wellness and ecosystems: The functionality of fear.</li> </ul>
Pedagogy	<ul style="list-style-type: none"> <li>• Periodic table of the Elements and Isotopes for the Education Community</li> <li>• Teaching about religion in Alberta Public schools</li> </ul>

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	<ul style="list-style-type: none"><li>• Teaching evolution to the wary.</li><li>• Reimagining Chemistry Education: Systems thinking &amp; Green and Sustainable Chemistry</li></ul>
Community Engaged Research	<ul style="list-style-type: none"><li>• Addressing parents' need through scoliosis clinic, university and community partnerships.</li><li>• Toddler play is never overrated: Quantitative outcomes of a speech playgroup for children with Down syndrome.</li><li>• When to play or not to play: The return to physical activity following spinal surgery.</li></ul>
Natural Sciences Research	<ul style="list-style-type: none"><li>• Using Nuclear Magnetic Resonance for studying modified Nafion membranes.</li><li>• Empowering citizen scientists with low-cost water and air quality monitoring sensors.</li><li>• Software testing for the "cloud". An automated web services testing tool.</li><li>• Dissecting the asymmetric regulation of Hsp90 ATPase activity.</li></ul>

## **Regional Stewardship, Foundational Learning, Underrepresented Learners**

The King's University does not have Regional Stewardship and Foundational Learning needs in our roles and mandates; 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 English is marginal and need better in reading comprehension and writing in preparation for 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 at 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 winter term of 2018-19, The King's University had 30 self-identified indigenous students (3.7% 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. This 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.

### **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 82 students with disabilities.

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

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

This past academic year, we were able to secure the commitment of just shy of \$84,000 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 will continue to expand these, as well as engage the other First Nations institutions in the province over the next year.

## 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 2018/19 we had 80 students attending with a student visa, making up 9% of our unduplicated headcount. This is up from 2014/15 when 6.8% of our students were international. 47 countries (including Canada) were represented in our student body in 2018/19.

The Coordinator of International Student Programs hosted two orientations to accommodate the international students who arrive during the first week of classes.

The King's University, together with five other post-secondary institutions and the City of Edmonton, welcomed more than 1,000 new students through an airport welcome booth and the City Wide Welcome. This event, hosted at Shaw Conference Centre on September 15, 2018, provided a fantastic opportunity to highlight the city's diverse range of services, amenities, activities and local organizations.

The three-day celebration of Global Awareness Week at King's was filled with fun and interactive activities to showcase the vibrant and diverse backgrounds of our student body.

King's has again offered our Field Course in International Development, in which we took up our longstanding participation in community development projects with eight students working in Honduras. six 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 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. Our two interns this year served in Uganda and Bangladesh.

The Micah Centre also hosted several speakers from the international community, including Liberia, Uganda, Syria, Iraq, and more. We are also contributing members of the Alberta Council for Global Cooperation.

## 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. As an example, in 2018-19 the final stage of the roofing project included solar panels which cost King's approximately \$110,000 with Federal Post-Secondary Institutions Strategic Investment Funding.

Other items of note include elevator work of \$50,000, some roof-top unit replacements of approximately \$50,000 as well as a floor scrubber for about \$12,000. The University has taken a very conservative approach in managing its ageing facilities by underspending \$38,000.

Table 8 Summary of Capital Expenditures – Actual vs. Budget

Capital Expenditure	2018-19 Actual	2018-19 Budget	Variance
Various upgrades	\$102,922	\$ 88,600	
Boiler replacements	25,103	21,000	
<b>Building systems</b>	<b>128,024</b>	<b>109,600</b>	<b>(18,424)</b>
Computer equipment renewal	29,155	59,000	
Computer lab replacement	73,940	52,500	
Evergreen equipment upgrades	51,875	53,200	
<b>Information technology</b>	<b>154,970</b>	<b>164,700</b>	<b>9,730</b>
<b>Capital Campaign Feasibility Study</b>	<b>110,263</b>	<b>125,000</b>	<b>14,737</b>
<b>Equipment and furniture (various)</b>	<b>123,763</b>	<b>85,500</b>	<b>(38,263)</b>
<b>Library</b>	<b>112,757</b>	<b>145,000</b>	<b>32,243</b>
<b>Building improvements</b>	<b>160,881</b>	<b>199,500</b>	<b>38,619</b>
<b>Land improvements</b>	<b>50,875</b>	<b>50,000</b>	<b>(875)</b>
	<b>\$841,534</b>	<b>\$879,300</b>	<b>\$37,766</b>
<b>Special projects – funded</b>	<b>153,525</b>	<b>-</b>	<b>\$(153,525)</b>
	<b>\$ 995,059</b>	<b>\$879,300</b>	<b>\$(115,759)</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

The King's University's information and technology systems are supported by our four Information Technology Services (ITS) staff members who maintain and support approximately 28 applications, related databases and their underlying infrastructure. End-user computing hardware and software support are also provided.

Major projects this year included teaching space renovations and additions specifically for our Computing Science and Education programs. Construction of our new Academic Enrichment Center is nearing completion. All projects have required significant ITS resource commitment.

With increasing demands, technological advances and limited resources, The King's University has undertaken a comprehensive review of its Information Technology. The project is intended to assess the current and future IT needs of the university - including organizational structure, staffing, and governance. This project is scheduled for completion by October 31, 2019, allowing for any budget adjustments to be made in the 2020 fiscal year. This study will help King's to ensure it is well-positioned to meet the future needs of the university.

## **Appendix A: Audited Financial Statements**

Please see the following pages for the audited financial statements.

**THE KING'S UNIVERSITY**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2019**

**THE KING'S UNIVERSITY**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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KINGSTON  
ROSS  
PASNAK<sup>LLP</sup>

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July 19, 2019  
Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of The King's University

### **Opinion**

We have audited the financial statements of The King's University (the University), which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

(continues)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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**Kingston Ross Pasnak LLP**

Chartered Professional Accountants

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Financial Position**  
**March 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,548,609	\$ 328,317
Accounts receivable (Note 3)	367,633	423,726
Goods and Services Tax receivable	20,593	19,308
Bookstore inventory	125,811	151,216
Prepaid expenses and deposits	281,204	472,775
Short term investments (Note 4)	898,757	678,320
	<b>3,242,607</b>	<b>2,073,662</b>
INVESTMENTS (Note 4)	9,127,535	8,899,263
PROPERTY AND EQUIPMENT (Note 5)	18,942,868	19,569,420
	<b>\$ 31,313,010</b>	<b>\$ 30,542,345</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 1,378,111	\$ 1,110,783
Source deductions payable	247,648	253,982
Deferred revenue	1,883,069	1,873,389
Deferred contributions (Note 6)	7,621,829	6,972,822
Mortgage payable (Note 7)	10,343,577	10,356,727
Debenture payable (Note 8)	1,974,904	2,340,357
Current portion of long term debt (Note 9)	1,157,563	758,656
	<b>24,606,701</b>	<b>23,666,716</b>
LONG TERM DEBT (Note 9)	1,331,871	1,839,341
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	2,640,373	2,799,747
	<b>28,578,945</b>	<b>28,305,804</b>
<b>NET ASSETS</b>		
Investment in property and equipment	1,813,785	1,793,796
Endowments (Note 11)	3,592,893	3,239,217
Internally restricted (Note 12)	282,459	282,459
Accumulated operating deficit	(2,955,072)	(3,078,931)
	<b>2,734,065</b>	<b>2,236,541</b>
	<b>\$ 31,313,010</b>	<b>\$ 30,542,345</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Changes in Net Assets**  
**Year Ended March 31, 2019**

	Investment in Property and Equipment	Endowments	Internally Restricted	Accumulated Operating Deficit	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,793,796	\$ 3,239,217	\$ 282,459	\$ (3,078,931)	<b>\$ 2,236,541</b>	\$ 2,313,437
Excess (deficiency) of revenue over expenditures	-	-	-	143,848	<b>143,848</b>	(455,283)
Endowment contributions (Note 11)	-	353,676	-	-	<b>353,676</b>	378,387
Transfer for:						
Acquisition of internally funded property and equipment	873,670	-	-	(873,670)	-	-
Amortization of internally funded property and equipment	(1,335,442)	-	-	1,335,442	-	-
Net book value of property and equipment disposals	(5,407)	-	-	5,407	-	-
Change in mortgage, debenture and long term debt payable	487,168	-	-	(487,168)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,813,785</b>	<b>\$ 3,592,893</b>	<b>\$ 282,459</b>	<b>\$ (2,955,072)</b>	<b>\$ 2,734,065</b>	<b>\$ 2,236,541</b>



**THE KING'S UNIVERSITY**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2019**

	Budget (Note 15)	2019	2018
<b>REVENUE</b>			
Tuition fees	\$ 9,695,400	\$ <b>9,522,225</b>	\$ 8,859,667
Government grants	4,971,028	<b>5,183,137</b>	4,986,516
Donations	2,747,390	<b>2,371,755</b>	2,494,136
Residence and other sales (Note 13)	2,593,455	<b>2,290,656</b>	2,391,522
Research grants	301,913	<b>411,321</b>	389,943
Other income	74,350	<b>380,873</b>	159,630
Investment income (Note 14)	142,150	<b>119,869</b>	108,553
	20,525,686	<b>20,279,836</b>	19,389,967
<b>EXPENSES</b>			
Salaries and benefits	12,790,417	<b>12,409,073</b>	12,256,313
Operating supplies and services	2,077,031	<b>2,258,948</b>	2,002,537
Amortization	1,615,544	<b>1,616,204</b>	1,609,304
Cost of goods sold	897,100	<b>964,727</b>	903,656
Scholarships and awards	802,950	<b>764,513</b>	950,142
Travel, hospitality and conferences	725,494	<b>664,363</b>	585,770
Utilities	508,350	<b>495,998</b>	501,699
Maintenance and equipment rent	504,500	<b>431,961</b>	457,767
Interest on mortgage payable	238,000	<b>217,660</b>	196,033
Insurance and taxes	131,400	<b>138,559</b>	131,868
Interest on debenture payable	100,000	<b>104,918</b>	99,971
Interest on long term debt	85,000	<b>62,157</b>	72,171
Professional fees	49,900	<b>61,467</b>	49,502
Interest on line of credit	-	<b>33</b>	13,008
(Gain) loss on disposal of equipment	-	<b>(54,593)</b>	15,509
	20,525,686	<b>20,135,988</b>	19,845,250
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ -	\$ <b>143,848</b>	\$ (455,283)

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Cash Flow**  
**Year Ended March 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Cash received from students for tuition and fees	\$ 9,738,618	\$ 8,985,396
Cash received from government	2,469,347	5,360,545
Cash received from donors	5,714,154	3,519,061
Cash received from sale of goods and services	2,114,827	2,345,136
Cash received from other sources	376,673	155,090
Cash paid to employees for salaries and benefits	(12,373,641)	(12,223,031)
Cash paid to suppliers for materials and services	(5,335,234)	(5,531,159)
Cash paid to creditors for interest	(167,108)	(185,151)
Cash flow from operating activities	<b>2,537,636</b>	2,425,887
<b>INVESTING ACTIVITIES</b>		
Cash received from donors restricted for property and equipment	121,389	261,268
Cash received from income on investments	196,980	230,426
Cash received on disposal of property and equipment	60,000	-
Cash applied to purchase of property and equipment	(995,059)	(1,064,768)
Cash invested in investments	(388,519)	(703,189)
Cash flow used by investing activities	<b>(1,005,209)</b>	(1,276,263)
<b>FINANCING ACTIVITIES</b>		
Cash paid from line of credit	-	(180,000)
Cash received from endowments	254,858	309,904
Cash paid for long term debt repayments	(704,828)	(1,148,123)
Cash flow used by financing activities	<b>(449,970)</b>	(1,018,219)
<b>INCREASE IN CASH</b>	<b>1,082,457</b>	131,405
CASH - BEGINNING OF YEAR	556,434	425,029
<b>CASH - END OF YEAR</b>	<b>\$ 1,638,891</b>	\$ 556,434
<b>CASH CONSISTS OF:</b>		
Cash	\$ 1,548,609	\$ 328,317
Cash included in short term investments (Note 4)	90,282	228,117
	<b>\$ 1,638,891</b>	<b>\$ 556,434</b>

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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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

The consolidated financial statements include the accounts of The King's University Foundation (the "Foundation") and Leder School of Business Consulting Services Ltd. ("Leder Consulting"). 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. Leder Consulting, which operated under the Business Corporations Act of Alberta and was subject to income tax, was a wholly owned subsidiary that provided consulting services on a fee for service basis and was dissolved on October 31, 2018.

The accounts of the three 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 \$555,018 as at March 31, 2019, and has not been amortized during the year.

*(continues)*

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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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 \$326,217 (2018 - \$270,764).

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.

(*continues*)

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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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

	<b>2019</b>	2018
Allowance for doubtful accounts	<b>\$ 145,458</b>	\$ 125,435
Bad debt expense, included in Tuition fees	<b>\$ 20,030</b>	\$ 4,967

Included in accounts receivable is a contribution receivable of \$125,000 from Energy Efficiency Alberta, of which the project start date falls within the year-end and the grant has been received subsequent to year-end. As at March 31, 2019 no expenses have been incurred and therefore no revenue has been recognized.

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

4. INVESTMENTS

	2019	2018
<b>Short term investments</b>		
Corporate notes	\$ 808,475	\$ 450,203
Cash	90,282	228,117
	<b>\$ 898,757</b>	<b>\$ 678,320</b>
<b>Long term investments</b>		
Equity funds - Canada	2,960,488	2,128,398
Corporate notes	2,772,855	2,854,996
Equity funds - U.S.	1,709,783	2,405,743
Equity linked notes - Canada	929,107	853,341
Deposit agreement	323,800	311,999
Equity funds - Overseas	201,694	212,821
Mortgage fund	100,000	-
Cash surrender value of life insurance policies	73,699	69,738
Equity funds - Emerging markets	56,109	62,227
	<b>9,127,535</b>	<b>8,899,263</b>
	<b>\$ 10,026,292</b>	<b>\$ 9,577,583</b>

Investments include corporate notes that mature at various dates to December 28, 2023. 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%. 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, 2019 equity linked notes were 50% invested in equity and 50% invested in fixed income (2018 - 50% invested in equity and 50% invested in fixed income).

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Buildings and site improvements	\$ 30,543,529	\$ 15,493,426	<b>\$ 15,050,103</b>	\$ 15,623,786
Land	1,852,592	-	<b>1,852,592</b>	1,852,592
Furniture and equipment	9,256,980	7,835,682	<b>1,421,298</b>	1,456,940
Library materials	3,768,838	3,149,963	<b>618,875</b>	636,102
	<b>\$ 45,421,939</b>	<b>\$ 26,479,071</b>	<b>\$ 18,942,868</b>	<b>\$ 19,569,420</b>

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

6. 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:

	2019	2018
Beginning balance, related to operating funding	\$ 5,556,593	\$ 4,106,541
Add:		
Restricted donations	895,187	2,152,750
Restricted government grants	75,000	65,750
Restricted research grants	579,880	207,825
	<b>1,550,067</b>	<b>2,426,325</b>
Less:		
Donations recognized as revenue	(742,602)	(766,590)
Research grants recognized as revenue	(259,150)	(161,552)
Amounts transferred to deferred capital contributions	(1,704)	(4,790)
Government grants recognized as revenue	(63,319)	(43,341)
	<b>(1,066,775)</b>	<b>(976,273)</b>
Ending balance, related to operating fund	\$ 6,039,885	\$ 5,556,593
Beginning balance, related to investment income	\$ 1,416,229	\$ 1,196,192
Add:		
Changes in unrealized gains	122,010	151,676
Dividend and interest income earned	194,924	230,426
	<b>316,934</b>	<b>382,102</b>
Less:		
Amount recognized as investment income in the period	(117,812)	(108,553)
Amount added directly to endowments	(33,407)	(53,512)
	<b>(151,219)</b>	<b>(162,065)</b>
Ending balance, related to investment income	\$ 1,581,944	\$ 1,416,229
	<b>\$ 7,621,829</b>	<b>\$ 6,972,822</b>



**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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7. 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 trusteeed 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, 2019, the rate was 2.40% (2018 - 1.85%). 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>2019</b>
2020	<b>\$ 326,200</b>
2021	<b>338,200</b>
2022	<b>354,400</b>
2023	<b>391,300</b>
2024	<b>406,900</b>
Subsequent years	<b>8,526,577</b>
	<b>\$ 10,343,577</b>

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**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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8. 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 \$1,697,053 and Facility 3 for \$277,851.

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 two years.

The debenture is due on demand. At March 31, 2019, the effective interest rate was 4.95% (2018 - 4.45%). The University is required to maintain a debt service coverage ratio of at least 1.25:1.

Minimum repayments are as follows:

2020	\$	365,453
2021		365,453
2022		251,945
2023		235,000
2024		235,000
Thereafter		<u>522,053</u>
	\$	<u>1,974,904</u>

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

9. LONG TERM DEBT	2019	2018
Various notes payable, unsecured, at variable interest rates from 0% to 3.00%, are repayable at various maturity dates through to April 26, 2023.	\$ 2,489,434	\$ 2,597,997
Amounts payable within one year	(1,157,563)	(758,656)
	<b>\$ 1,331,871</b>	<b>\$ 1,839,341</b>

Principal repayment terms are approximately as follows:

2020	\$ 1,157,563
2021	753,132
2022	258,569
2023	310,000
2024	10,170
	<u>\$ 2,489,434</u>

**10. 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:

	2019	2018
Balance, beginning of period	\$ 2,799,747	\$ 2,815,193
Capital contributions from donors	57,087	21,575
Capital contributions from government	64,302	239,693
Amounts amortized to revenue, included in government grants and donations	(280,763)	(276,714)
Balance, end of period	<b>\$ 2,640,373</b>	<b>\$ 2,799,747</b>

Amounts amortized to revenue and included in government grants and donations are \$90,035 and \$190,728, respectively.

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

11. ENDOWMENTS

	2019	2018
Balance, beginning of period	\$ 3,239,217	\$ 2,790,660
New contributions and earnings on restricted donations	353,676	448,557
Balance, end of period	<b>\$ 3,592,893</b>	<b>\$ 3,239,217</b>

Balance consists of the following:

Designated for scholarships, bursaries or awards in:		
Various disciplines	\$ 574,895	\$ 457,499
Music	351,693	347,384
Commerce	560,176	472,540
Education	283,693	277,684
Christian ministry or service	456,490	452,611
Arts	264,583	258,037
Natural Sciences	320,725	210,427
Political Science, History, Economics	186,176	178,913
Environmental Studies	137,743	136,308
Social Sciences	129,114	126,458
Mephibosheth Scholarship	107,554	107,554
Alumni Student Assistance Program	99,662	96,157
Other	68,899	66,156
Micah Centre	51,490	51,489
	<b>\$ 3,592,893</b>	<b>\$ 3,239,217</b>

The increase in endowments relates to \$254,858 for new endowment donations, \$33,407 for CPI indexing and \$65,411 for non-cash donations of investments.

12. 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.

13. RESIDENCE AND OTHER SALES

	2019	2018
Residence	\$ 882,138	\$ 915,854
Food services	580,257	631,299
Conference services	389,182	399,893
Bookstore	370,940	365,998
Other	68,139	78,478
	<b>\$ 2,290,656</b>	<b>\$ 2,391,522</b>

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

14. INVESTMENT INCOME

	2019	2018
Dividend and interest income earned in the period	\$ 194,924	\$ 230,426
Changes in unrealized gains	122,010	151,676
Interest income earned on general bank account	2,056	-
Amounts added directly to endowments	(33,407)	(53,512)
Amounts deferred	(165,714)	(220,037)
	<b>\$ 119,869</b>	<b>\$ 108,553</b>

15. BUDGET

The budget was approved by the Board of Governors on April 14, 2018. The budgeted amounts have been provided for information purposes only and are unaudited.

16. PENSION PLAN

The pension expense recorded in these financial statements represents the University's annual contributions payable of \$707,659 for the year ended March 31, 2019 (2018 - \$715,491).

An actuarial valuation of the Canadian Christian School Pension Plan (CCSPP) and Trust Fund (the Plan) was done August 31, 2017 by consulting actuary Mercer, with the next valuation due August 31, 2020. In April 2018, the trustees elected to declare the CCSPP Plan to be a Specified Ontario Multi-Employer Pension Plan because of the change in the Ontario Government in May 2018 which changed funding rules for defined benefit pension plans.

The major changes in the 2018 actuarial estimate include increasing the discount rate for terminated members electing for lump-sum distributions from 3.23% to 3.73% on the present value of accumulated plan benefits; and reducing 2017 actuarial estimates of the present value of accumulated plan benefits from 4.50% to 3.23%. These are presuming the plan will continue, but could change results if the plan were to terminate.

In 2018, the Plan reported a deficit of approximately \$11 million in a fund with net assets available for benefits of approximately \$374 million and pension obligations of \$385 million.

17. AVAILABLE LINE OF CREDIT

The line of credit with ATB Financial bears interest at 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 8). At March 31, 2019, \$nil was drawn upon (2018 - \$nil) and the effective interest rate was 4.45%.

**THE KING'S UNIVERSITY**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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18. 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, 2019. 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 students and 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 the concentration of credit risk.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations as they become due. Cash flow from operations provides a substantial portion of the University's cash requirements, and additional requirements 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 (\$28,644 CAD) and accounts payable (\$13,036 CAD) held in U.S. dollars. These amounts are of a 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 market interest rates. The University is exposed to interest rate risk primarily through its floating interest rate bank indebtedness, credit facilities and locked in guaranteed investment certificates.

**THE KING'S UNIVERSITY**  
**Consolidated Statement of Operations by Function**  
**Year Ended March 31, 2019**

	Budget (Note 15)	2019	2018
<b>REVENUE</b>			
Tuition fees	\$ 9,695,400	\$ 9,522,225	\$ 8,859,667
Government grants	4,971,028	5,183,137	4,986,516
Donations	2,747,390	2,371,755	2,494,136
Residence and other sales (Note 13)	2,593,455	2,290,656	2,391,522
Research grants	301,913	411,321	389,943
Other income	74,350	380,873	159,630
Investment income (Note 14)	142,150	119,869	108,553
	20,525,686	20,279,836	19,389,967
<b>EXPENDITURES</b>			
Instruction	7,344,418	7,071,435	6,849,963
Student services	3,610,522	3,674,012	3,654,780
Ancillary services	2,266,398	2,433,976	2,436,832
Physical plant	1,910,092	1,818,231	1,521,317
Institutional support	1,624,662	1,536,909	1,436,375
Institutional advancement	1,489,125	1,365,365	1,421,527
Computing services	888,218	815,358	925,969
Academic support and library	720,246	688,150	910,917
Interest on long term and other liabilities	423,000	384,734	381,132
Research	249,005	347,818	306,438
	20,525,686	20,135,988	19,845,250
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ -	\$ 143,848	\$ (455,283)