



Date: June 26, 2015

Last Updated: January 23, 2015

To: Board of Governors
From: Jim Madder, President
Subject **MONITORING REPORT – EL-2d Financial Condition and Activities (at March 31, 2015)**

The President shall not place the organization in fiscal jeopardy or allow the development of a material deviation of actual expenditures from Board priorities established in Ends policies.

I hereby present the third in-year monitoring report on our Executive Limitations policy “Financial Condition and Activities” according to the schedule set out. I certify that the information contained in this report is true and represents compliance with all aspects of the policy unless specifically stated otherwise for the fiscal year 2014-2015.

The President shall not:

1. Materially expense more funds than have been received in a fiscal year.

I interpret “fiscal jeopardy” as insolvency, the inability to finance operations, risking an in-year deficit not approved by the Board or making short-term adjustments with negative long-term impact.

I interpret “expense more funds than have been received in a fiscal year” to mean that the organization will comply with the Board-approved budget.

EVIDENCE:

The actual operating results for fiscal year ending March 31, 2015 was \$91,918 before “extraordinary items” which complies with the Board approved budget for 2014-15. Mitigation strategies implemented by the Senior Team from January to March 31, 2015 were successful in containing costs. See Appendix A for further details.

I report compliance

2. Use any long-term reserves.

I interpret this to mean that I will not use any long-term reserves without Board of Governors' approval.

EVIDENCE:

The College did not use any long-term reserves without Board approval in the 2014-15 fiscal year.

I report compliance.

3. Allow payroll, accounts payable, accounts receivable, or debts to be handled in an untimely manner.

I submit this is clear and requires no further interpretation.

EVIDENCE:

Payroll: Payroll and statutory payroll deductions are paid via electronic funds transfer by the required due dates on a bi-monthly and monthly basis. This includes the transactions for the CAAT Pension Plan payments, online Payroll source deduction payments and Ontario Health Tax payments. Internal controls and checks exist to verify that payment has occurred on an accurate and timely basis. Our auditors test these accounting areas as well, on an annual basis.

Attestation: Documentation is in place to attest that payment of payroll and other statutory payments are in compliance with regulatory requirements.

Accounts Payable: The College practice is to pay trade accounts within the terms of purchase, which are generally "net 30 days." We process Accounts Payable weekly to ensure that payment of accounts payable is not greater than net 30 days. As of March 31, 2015, the Accounts Payable balance was \$5.6 million versus \$6.5 million at March 31, 2014, a decrease of approximately \$900,000. (See Appendix B and C for further details.)

Accounts Receivable: As of March 31, 2015, the Accounts Receivable balance was \$6.6 million versus \$6.1 million at March 31, 2014 for students, corporations, and sponsors. Subsequent to the November Audit Committee meeting, it was decided that the Accounts Receivable Analyst position would be put on hold to minimize the impact on the 2014-15 operating budget. It is anticipated that the final approval of a new policy on Accounts Receivable Collections and Procedures will improve the collection process. (See Appendix B & D for further details.)

Debts: Operating loans are paid automatically by direct debits to our bank account. As of March 31, 2015, Long-term debt was \$1.3 million versus \$1.7 million at March 31, 2014, a reduction of \$404,321.

I report compliance.

4. Acquire, Encumber, or dispose of real estate.

I submit this is clear and requires no further interpretation.

EVIDENCE:

There have been no real estate transactions this fiscal year and no property has been encumbered to date. The lease with CDC for new student residences does encumber land for 89 years and is being done with Board approval.

I report compliance.

Addendum for Integrated Risk Management (IRM)

As directed by the Audit Committee (and Board), several IRM “foci” have been added to EL reports.

EVIDENCE:

Attached as Appendix F is a brief summary of key Risks that the College is addressing and which merit the Board’s notice.

MOTION:

THAT we accept the monitoring report for Policy EL2d - Financial Condition and Activities showing compliance with a reasonable interpretation of the policy.

Respectfully submitted,

D. Jim Madder
President

APPENDIX A

CONFEDERATION COLLEGE
FINANCIAL STATEMENT AS AT MARCH 31, 2015
With Comparison of Actual Year-End Results to the Revised Year-End Forecast for Fiscal 2014/2015

	(1) 2014/2015 APPROVED BUDGET	(2) 2014/2015 ACTUAL to March 31, 2015	(3) 2014/2015 REVISED YEAR-END FORECAST	(4) VARIANCE Col (3) versus (2) Better (Worse)
REVENUES-GENERAL				
Post Secondary Grants	\$30,755,400	\$30,782,424	\$30,813,400	-\$30,976
Tuition Fees	\$9,752,989	\$9,424,411	\$9,500,479	-\$76,068
Other Revenue	\$5,387,475	\$5,700,494	\$5,335,491	\$365,003
Second Career Grant (PS)	\$521,130	\$470,215	\$467,220	\$2,995
WSIB Program	\$287,600	\$69,454	\$59,792	\$9,662
International Revenue	\$4,260,835	\$6,134,010	\$5,493,213	\$640,797
	<u>\$50,965,429</u>	<u>\$52,581,008</u>	<u>\$51,669,595</u>	<u>\$911,413</u>
EXPENDITURES-GENERAL				
Post Secondary	\$31,627,944	\$32,592,402	\$31,689,399	-\$903,003
Administration	\$8,334,382	\$7,899,662	\$7,929,551	\$29,889
Facilities Services	\$4,653,076	\$5,213,613	\$4,755,832	-\$457,781
Student Services	\$5,144,199	\$5,134,520	\$5,093,060	-\$41,460
Strategic Initiatives	\$1,064,994	\$951,629	\$886,263	-\$65,366
Capital from Operating	\$135,000	\$145,502	\$115,000	-\$30,502
International Programs	\$1,561,166	\$1,675,783	\$1,740,446	\$64,663
	<u>\$52,520,761</u>	<u>\$53,613,111</u>	<u>\$52,209,551</u>	<u>-\$1,403,560</u>
NET INCOME (LOSS) FROM GENERAL OPERATIONS	-\$1,555,332	-\$1,032,103	-\$539,956	-\$492,147
REVENUES-OTHER ACTIVITIES				
Apprenticeship Training	\$1,504,370	\$890,274	\$1,504,370	-\$614,096
Provincial Training	\$4,635,547	\$5,146,369	\$4,635,547	\$510,822
Supplemental Flowthru Funds	\$1,913,552	\$1,524,581	\$1,913,552	-\$388,971
Contract Training	\$5,100,000	\$2,186,012	\$3,196,425	-\$1,010,413
Special Projects	\$4,859,049	\$6,570,333	\$5,015,620	\$1,554,713
Ancillary Operations	\$3,563,251	\$3,591,804	\$3,593,251	-\$1,447
	<u>\$21,575,769</u>	<u>\$19,909,373</u>	<u>\$19,858,765</u>	<u>\$50,608</u>
EXPENDITURES-OTHER ACTIVITIES				
Apprenticeship Training	\$1,327,304	\$1,018,938	\$1,326,304	\$307,366
Provincial Training	\$3,987,579	\$4,525,829	\$3,987,579	-\$538,250
Supplemental Flowthru Funds	\$1,913,552	\$1,578,469	\$1,938,552	\$360,083
Contract Training	\$4,380,000	\$2,365,706	\$3,362,861	\$997,155
Special Projects	\$4,621,966	\$6,670,247	\$5,097,428	-\$1,572,819
Ancillary Operations	\$3,613,085	\$3,488,161	\$3,606,085	\$117,924
	<u>\$19,843,486</u>	<u>\$19,647,350</u>	<u>\$19,318,809</u>	<u>-\$328,541</u>
NET INCOME (LOSS) FROM OTHER ACTIVITIES	\$1,732,283	\$262,023	\$539,956	-\$277,933
NET INCOME (LOSS) FROM TOTAL OPERATIONS	\$176,951	-\$770,080	\$0	-\$770,080
SUMMARY:				
TOTAL REVENUES	\$72,541,198	\$72,490,381	\$71,528,360	\$962,021
TOTAL EXPENDITURES	\$72,364,247	\$73,260,461	\$71,528,360	-\$1,732,101
NET INCOME (DEFICIT)	\$176,951	-\$770,080	\$0	-\$770,080
Extraordinary Adjustments in the Year:				
Restructuring Costs		\$489,435		
Adjustments to Apprenticeship Fund - Prior Year		\$372,563		
Net Income per Operating Budget (before extraordinary items)		\$91,918		

CONTRIBUTION FROM OTHER ACTIVITIES

		(1) 2014/2015 APPROVED BUDGET	(2) 2014/2015 ACTUAL to March 31, 2015	(3) 2014/2015 REVISED YEAR-END FORECAST	(4) VARIANCE Col (3) versus (2) Better (Worse)
Apprenticeship Training	Revenues	1,504,370	890,274	1,504,370	
	Expenditures	1,327,304	1,018,938	1,326,304	
	Contribution	177,066	(128,664)	178,066	(306,730)
Provincial Training	Revenues	4,635,547	5,146,369	4,635,547	
	Expenditures	3,987,579	4,525,829	3,987,579	
	Contribution	647,968	620,540	647,968	(27,428)
Supplemental	Revenues	1,913,552	1,524,581	1,913,552	
	Expenditures	1,913,552	1,578,469	1,938,552	
	Contribution	-	(53,888)	(25,000)	(28,888)
Contract Training	Revenues	5,100,000	2,186,012	3,196,425	
	Expenditures	4,380,000	2,365,706	3,362,861	
	Contribution	720,000	(179,694)	(166,436)	(13,258)
Special Projects	Revenues	4,859,049	6,570,333	5,015,620	
	Expenditures	4,621,966	6,670,247	5,097,428	
	Contribution	237,083	(99,914)	(81,808)	(18,106)
Ancillary Operations	Revenues	3,563,251	3,591,804	3,593,251	
	Expenditures	3,613,085	3,488,161	3,606,085	
	Contribution	(49,834)	103,643	(12,834)	116,477
TOTAL CONTRIBUTION		1,732,283	262,023	539,956	(277,933)

APPENDIX B

		The Confederation College of Applied Arts and Technology Statement of Financial Position	
As at		March 31, 2015	March 31, 2014
Assets			
Current			
Cash	\$	3,845,100	\$ 4,511,593
Accounts receivable (Note 3)		6,423,509	6,082,524
Temporary investments (Note 2)		5,005,014	5,099,249
Inventory		585,969	727,178
Current portion of notes and long-term receivable		34,912	32,861
Grants receivables		239,222	756,245
Prepaid expenses		719,709	370,025
		<u>16,853,435</u>	<u>17,579,675</u>
Investment portfolio - endowments restricted (Note 4)		8,271,450	7,602,440
Notes and long-term receivable		22,351	7,030
Construction in progress (Note 5)		6,052,483	5,751,540
Capital assets (Note 6)		39,307,023	42,710,652
	\$	<u>70,506,742</u>	\$ <u>73,651,337</u>
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 7)	\$	5,549,299	\$ 6,457,410
Deferred revenue (Note 8)		4,230,091	3,098,944
Vacation pay		3,288,856	3,137,638
Current portion of long-term debt (Note 9)		506,385	398,172
		<u>13,574,631</u>	<u>13,092,164</u>
Post-employment benefits and compensated absences (Note 10)		2,649,000	2,715,000
Deferred capital contributions (Note 11)		34,810,162	37,535,925
Deferred capital contributions - construction in progress (Note 11)		6,052,483	5,751,539
Long-term debt (Note 9)		1,344,937	1,749,258
		<u>58,431,213</u>	<u>60,843,886</u>
Net Assets			
Unrestricted			
Operating	\$	5,958,524	\$ 6,380,268
Post-employment benefits and compensated absences		(2,649,000)	(2,715,000)
Vacation Pay		(3,288,856)	(3,137,638)
		<u>20,668</u>	<u>527,630</u>
Invested in capital assets (Note 12)		2,310,994	3,166,158
Internally restricted (Note 13)		1,475,939	1,549,324
Endowments restricted (Note 14)		8,267,927	7,564,339
		<u>12,054,860</u>	<u>12,279,821</u>
		<u>12,075,528</u>	<u>12,807,451</u>
	\$	<u>70,506,742</u>	\$ <u>73,651,337</u>

APPENDIX C

Accounts Payable and Accrued Liabilities

	2015	2014
Trade	\$ 3,425,761	\$ 3,597,490
Accrued liabilities	413,782	378,602
Accrued salaries and employees' deductions	1,709,756	2,481,318
	\$ 5,549,299	\$ 6,457,410

Accounts Payable (Random) Samples

Vendor	Amount	A/P Document #	Date of Vendor Invoice	Invoice - Date Received	Date - Cheque Issued
Hatch Mott MacDonald	22,274.08	I0147369	17-Dec-14	19-Dec-14	8-Jan-15
Great Big Solutions Ltd	5,655.65	I0147937	14-Jan-15	22-Jan-15	22-Jan-15
Colleges and Institutes Canada	21,607.63	I0148216	19-Jan-15	28-Jan-15	2-Feb-15
Hart's Cleaning	170.00	I0148350	31-Jan-15	5-Feb-15	5-Feb-15
Ellucian Company	10,627.65	I0149973	25-Mar-15	25-Mar-15	26-Mar-15
Fireside Transportation	18,900.00	I0150049	24-Mar-15	24-Mar-15	31-Mar-15
Frasca International Inc	8,984.88	I0150326	15-Jan-15	27-Mar-15	6-Apr-15
Praxair Products Inc	3,148.00	I0150290	23-Mar-15	1-Apr-15	6-Apr-15

APPENDIX D

Accounts Receivable

	2015	2014
Students and sponsors	\$ 1,201,299	\$ 1,291,918
General	5,222,210	4,790,606
	\$ 6,423,509	\$ 6,082,524

APPENDIX E

Endowment Account Summary

Balance at March 31 2015			
	<i>Endowed Donations</i>	<i>Gains and Earnings Available</i>	Total Endowed Fund Balance
Total December 31 2014	7,339,108	800,039	8,139,147
Transfers into Fund - Net Donations less Awards	123,441		123,441
Unrealized Gain/(Loss)		8,862	8,862
Total March 31 2015	7,462,549	808,901	8,271,450

Market value includes accrued dividends and interest payments earned on the common shares, preferred and bonds.

The CDN fund is up 1% over the three month period of January to March 31st 2015. The US fund is up 3% over the period due to increase in value due to exchange rate gain (1.2666 vs 1.1617) on USD investments, which represents a 10% exchange gain, off set by market loss, and investment decrease over the period.

Canadian Portfolio	March 2015	December 2014	Change over Period	
Cash and Cash Equivalents	62,283	61,835	448	1%
Fixed Income	4,770,992	4,738,043	32,949	1%
Equity - Canadian	1,999,332	2,008,457	(9,125)	0%
Equity - Foreign	133,531	59,623	73,908	124%
	\$ 6,966,138	\$ 6,867,958	98,179	1%
U.S. Portfolio				
Cash and Cash Equivalents	26,311	20,438	5,873	29%
Fixed Income	210,324	204,796	5,528	3%
Equity - United States	1,068,678	986,103	82,575	8%
Equity - Foreign	0	59,825	(59,825)	-100%
	\$ 1,305,313	\$ 1,271,162	34,151	3%
Exchange rate	1.2666	1.1617	0.105	10%

APPENDIX F

INTEGRATED RISK MANAGEMENT REPORTING TO THE BOARD

EL-2e Financial Condition and Activities		
Focus: Financial Viability, Government Policy, Funding and Commitment		
Item	Risk	Mitigation Strategy
Post-Secondary Enrolment	Enrolment less than projection resulting in reduced government grants and tuition income.	Increase international student enrolment Strategic Enrolment Management Plan considered multi-year demographic changes and retention rates to forecast 2015-16 enrolment. School/College work Initiative Study North Northern College Collaboration Technology Enabled Learning out-reach to new markets Expand intake of full and part-time students Enrolment initiatives
Provincial Operating Grants and Tuition Fees	Provincial Operating Grants and Tuition fee revenue less than Budgeted	Reduction in provincial grants and domestic tuition revenue factored into the budget projections. Tuition fee overall increase of 3% was based on MTCU's tuition fee policy. Domestic enrolment is projected to decrease by 2.0% over the previous fiscal year's audited enrolment. International enrolment is expected to grow by almost 30% or 66 students over the actual 2014-15 enrolment.
Salary and Benefit Costs	Salary and benefits account for approximately 68% of total annual expenditures.	Collective agreements are in place for faculty and support staff for the next 3 and 4 years respectively. Relative certainty about salary and benefit costs.
Contract Training	Significant changes to Canada and Ontario training agreement and policies Provincial fiscal restraint	Strategic review of changing government funding policies Continued vigilance Projected revenues and expenditures reflect confirmed contracts only. Colleges Ontario and MPP advocacy