



Date: March 23, 2016  
Last Updated: November 27, 2015

To: **Board of Governors**  
From: **President**

Subject **MONITORING REPORT – EL-2d Financial Condition and Activities**

---

**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 second 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 2015-2016.

**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:**

While year-to-date actuals to February 29, 2016 show a positive variance of \$838,851, our projection for the remainder of the fiscal year to March 31, 2016 is a small surplus of \$5,549 (balanced budget). See Appendix A for detailed financial forecast.

	<b>2014/15 Actual</b>	<b>2015/16 Budget</b>	<b>2015/16 Projected Budget</b>
<b>Revenues</b>	\$72,490,381	\$70,776,885	\$70,852,902
<b>Expenditures</b>	\$73,260,461	\$70,776,885	\$70,847,353
<b>Surplus (Deficit)</b>	<b>(\$ 770,080)</b>	-	<b>\$ 5,549</b>

---

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 as of March 23, 2016 for the 2015-16 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 payroll source deductions are paid via electronic funds transfer by due dates. Our Vice-President reviewed the transaction listings for the RBC CAAT Pension Plan payments, RBC online payroll source deduction payments, Ontario Health Tax payments, and Harmonized Sales Tax monthly reporting of payments (see certification below).

Certification:

I have reviewed the payment of payroll and other regulatory payments as noted above, and attest that payments are in compliance with regulatory requirements.

Ken Adams, Vice-President College Services

Accounts Payable

The College practice is to pay trade accounts within the terms of purchase, which are generally "net 30 days." As of February 29, 2016, the Accounts Payable balance was \$3.6 million compared to \$4.5 million at October 31, 2015. We process Accounts Payable weekly to ensure that payment of accounts payable is not greater than net 30 days. See attached Appendix B report on random samples of accounts payables and payments from November 2015 to February 2016.

Accounts Receivable

As of February 29, 2016, the Accounts Receivable balance was \$3.1 million versus \$4.3 million at October 31, 2015 for students, corporations, and sponsors per the comparative Exhibit below. In December 2015, new Accounts Receivable Collections Policy and Procedures were implemented by the College. Accounts receivable balances continue to be closely monitored by Finance staff to ensure timely collection of current and any overdue accounts.

Historical Balances	Accounts Receivable	Accounts Payable
February 29, 2016	3,091,145	3,646,016
October 31, 2015	4,325,938	4,489,955
March 31, 2015	6,553,250	5,549,299

Debts

Operating loans are paid automatically by direct debits to our bank account. Two loans will be fully repaid in the current fiscal year. The Sibley Hall Residence retrofit loan from the Ontario Finance Authority (due 2020) and Ryan Hall renovation loan from RBC (due 2021) will be the major loans outstanding at year end.

<b>Current Debt:</b>	2016	2017	2018	
Sibley Hall	\$ 997,727	\$ 757,168	510,787	(Matures in 2020)
Ryan Hall	\$ 347,211	\$ 277,768	208,326	(Matures in 2021)
Total Debt at March 31st	\$ 1,344,938	\$ 1,034,936	\$ 719,113	
Current Portion	310,001	315,823	321,763	
Long Term Portion	\$ 1,034,936	\$ 719,113	\$ 397,350	

I therefore 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.

I report compliance.

**Addendum for Integrated Risk Management (IRM)**

*As directed by the Board, several IRM “foci” have been added to EL reports.*

**Evidence:**

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

Respectfully submitted,

D. Jim Madder  
President

**Appendix A**

Financial Statement as at February 29, 2016  
 With Revised Forecast to March 31, 2016

	Original Annual Budget 2015-16	YTD- February 29, 2016			Forecast - March 31, 2016		
		Budget	Actual	Variance	Budget	Forecast	Variance
<b>Revenue</b>							
Post Secondary Grant	\$ 30,136,633	\$ 27,625,247	\$ 27,068,441	\$ (556,806)	\$ 30,136,633	\$ 30,044,633	\$ (92,000)
Other Provincial Grants	12,073,491	11,067,367	9,250,042	(1,817,325)	12,073,491	11,877,943	(195,548)
Tuition Fees-Domestic	9,597,361	8,797,581	9,442,932	645,351	9,597,361	9,447,305	(150,056)
Other Student Fees	2,648,913	2,428,170	2,738,145	309,975	2,648,913	2,559,866	(89,047)
Tuition Fees - International	5,341,430	4,896,311	6,434,922	1,538,611	5,341,430	6,424,922	1,083,492
Contract and Programs	4,302,147	3,943,635	3,551,422	(392,213)	4,302,147	4,557,750	255,603
Ancillary Operations	3,616,111	3,314,768	3,244,443	(70,325)	3,616,111	3,314,611	(301,500)
Other Revenue	3,060,799	2,805,732	1,597,274	(1,208,459)	3,060,799	2,625,872	(434,927)
<b>Total Revenue</b>	<b>\$ 70,776,885</b>	<b>\$ 64,878,811</b>	<b>\$ 63,327,622</b>	<b>\$ (1,551,189)</b>	<b>\$ 70,776,885</b>	<b>\$ 70,852,902</b>	<b>\$ 76,017</b>
<b>Expenses</b>							
Total Full Time Salaries & Benefits	\$ 38,062,393	\$ 34,890,527	\$ 34,500,207	\$ 390,320	\$ 38,062,393	\$ 37,726,353	\$ 336,040
Total Part Time Salaries & Benefits	9,141,655	8,379,850.42	7,442,836	937,015	9,141,655	9,420,223	(278,568)
Restructuring Costs	1,244,408	1,140,707.33	616,053	524,654	1,244,408	1,041,812	202,596
Buildings, Mtce, Grounds & Utilities	3,277,838	3,004,684.83	3,028,764	(24,079)	3,277,838	3,272,516	5,322
Contracted Services	6,020,014	5,518,346.17	6,486,216	(967,870)	6,020,014	6,720,529	(700,515)
Furniture & Equipment	872,411	799,710.08	553,842	245,868	872,411	601,340	271,071
Miscellaneous	2,357,834	2,161,347.83	1,178,976	982,372	2,357,834	1,538,260	819,574
Office & Instructional Expenses	6,345,400	5,816,616.67	4,953,559	863,058	6,345,400	6,161,202	184,198
Professional Dues & Audit Fees	603,665	553,359.58	681,166	(127,806)	603,665	881,492	(277,827)
Scholarships & TSA	521,301	477,859.25	644,506	(166,647)	521,301	851,828	(330,527)
Telecommunications & Software	1,239,078	1,135,821.50	1,147,068	(11,247)	1,239,078	1,281,698	(42,620)
Travel and PD	1,090,888	999,980.67	1,255,577	(255,597)	1,090,888	1,350,100	(259,212)
<b>Total Expenses</b>	<b>\$ 70,776,885</b>	<b>\$ 64,878,811</b>	<b>\$ 62,488,771</b>	<b>\$ 2,390,040</b>	<b>\$ 70,776,885</b>	<b>\$ 70,847,353</b>	<b>\$ (70,468)</b>
<b>Surplus (Deficiency)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 838,851</b>	<b>\$ 838,851</b>	<b>\$ -</b>	<b>\$ 5,549</b>	<b>\$ 5,549</b>

1		
<b>The Confederation College of Applied Arts and Technology</b>		
<b>Statement of Financial Position</b>		
	February 29, 2016	March 31, 2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 9,389,665	\$ 3,845,100
Accounts receivable	3,091,145	6,553,250
Temporary investments	3,036,500	5,005,014
Inventory	585,969	585,969
Current portion of notes and long-term receivable	34,912	34,912
Grants receivables	3,667	239,222
Prepaid expenses	449,647	719,709
	<u>16,591,506</u>	<u>16,983,176</u>
Investment portfolio - endowments restricted	8,271,450	8,271,450
Notes and long-term receivable	37,569	22,351
Construction in progress	6,052,483	6,052,483
Capital assets	39,307,021	39,307,023
	<u>\$ 70,260,029</u>	<u>\$ 70,636,483</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 3,646,016	\$ 5,549,299
Deferred revenue	4,992,889	4,230,091
Vacation Pay	3,288,856	3,288,856
Current portion of long term debt	506,385	506,385
	<u>12,434,146</u>	<u>13,574,631</u>
Post-employment benefits and compensated absences	2,648,000	2,649,000
Deferred capital contributions	34,810,292	34,810,162
Deferred capital contributions - construction in progress	6,052,483	6,052,483
Long term debt	1,228,200	1,344,937
	<u>57,173,120</u>	<u>58,431,213</u>
<b>Net Assets</b>		
<b>Unrestricted</b>		
Operating	6,534,258	5,695,407
Post-employment benefits and compensated absences	(2,648,000)	(2,649,000)
Vacation Pay	(3,288,856)	(3,288,856)
	<u>597,402</u>	<u>(242,449)</u>
Invested in capital assets	2,671,516	2,703,853
Internally restricted	1,676,627	1,475,939
Endowments restricted	8,141,363	8,267,927
	<u>13,086,909</u>	<u>12,447,719</u>
	<u>13,086,909</u>	<u>12,205,270</u>
	<u>\$ 70,260,029</u>	<u>\$ 70,636,483</u>

**Notes: February 29, 2016 vs March 31, 2015 Account Balances**

- Cash balance is higher to account for 3 payrolls prior to year-end March 31.
- Temporary Investment that came due are noted in the cash balance account
- Accounts Receivable, Grants Receivable and Prepaid Expense balances will have further adjustments at year-end March 31, 2016.
- Current liabilities are down mostly due to reduced accounts payable balances.
- Account balances that show no change on February 29, 2016 versus March 31, 2015 are adjusted only at year end March 31, 2016: Investment Portfolio-endowments; construction in progress; capital assets; vacation pay; current portion of LT debt; deferred capital contributions; deferred capital contributions – construction in progress; post-employment benefits & compensated absences; vacation pay.

**Appendix B**

**Accounts Payable (Random) Samples**

<b>Vendor</b>	<b>Amount</b>	<b>A/P Document #</b>	<b>Date of Vendor Invoice</b>	<b>Invoice - Date Received</b>	<b>Cheque Issue Date</b>
Tbaytel	2,390.22	I0155182	1-Oct-15	13-Oct-15	15-Oct-15
Raimo Pehkonen	1,650.00	I0156200	5-Nov-15	12-Nov-15	20-Nov-15
Mohawk College	15,684.00	I0156441	30-Oct-15	19-Nov-15	26-Nov-15
Morneau Shepell Ltd	1,699.41	I0156637	1-Dec-15	1-Dec-15	3-Dec-15
Allen Airways Ltd	7,226.35	I0157876	10-Dec-15	20-Jan-16	21-Jan-16
eXplorance Inc	5,593.43	I0158425	8-Feb-16	9-Feb-16	11-Feb-16
Levaero Aviation	141.25	I0158600	12-Feb-16	16-Feb-16	18-Feb-16
Human Works Inc	2,124.40	I0158907	22-Jan-16	24-Feb-16	25-Feb-16

**Appendix C**

**HST Remittance Summary for the Last 6 Months**

<b>Reporting Period</b>		<b>Due Date</b>	<b>Amount of Refund</b>	<b>Amount Remitted</b>	<b>Cheque Date</b>	<b>Date Filed</b>	<b>Confirmation Number</b>
1-Aug-15	31-Aug-15	30-Sep-15	78,651.67	-		30-Sep-15	697617
1-Sep-15	30-Sep-15	31-Oct-15	111,714.21	-		30-Oct-15	629641
1-Oct-15	31-Oct-15	30-Nov-15	145,295.63	-		27-Nov-15	693206
1-Nov-15	30-Nov-15	31-Dec-15	84,359.14	-		17-Dec-15	789169
1-Dec-15	31-Dec-15	31-Jan-16	101,099.54	-		29-Jan-16	523514
1-Jan-16	31-Jan-16	29-Feb-16	89,286.89	-		26-Feb-16	751854

**Appendix D**

**Endowment Account Summary**

**Balance at February 29, 2016**

	<i>Endowed Donations</i>	<i>Gains and Earnings Available</i>	Total Endowed Fund Balance
Total March 31 2015	7,462,549	808,901	8,271,450
Transfers into Fund - Net Donations less Awards	(22,559)		(22,559)
Unrealized Gain/(Loss)		(182,368)	(8,248,891)
Total October 31 2015	7,439,990	626,533	8,066,523
Transfers into Fund - Net Donations less Awards	(82,680)		(82,680)
Unrealized Gain/(Loss)		(181,424)	(181,424)
Total February 29, 2016	7,357,310	445,109	7,802,419

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

The CDN fund is down 3% over from October 2015, mainly due to fixed income stocks . The US fund is down 3% over the period due to 4.5% increase in value due to exchange rate gain (1.3536 vs 1.3078) on USD investments, an investment increase of 3% in USD investments over the period, offset by a decrease in the market values of 10% on USD holdings.

**Canadian Portfolio**

	<b>February 2016</b>	<b>October 2015</b>	<b>Change over Period</b>	
Cash and Cash Equivalents	141,818	17,043	124,775	732%
Fixed Income	4,345,136	4,664,398	(319,263)	-7%
Equity - Canadian	1,878,140	1,893,109	(14,968)	-1%
Equity - Foreign	62,201	67,338	(5,137)	-8%
	<b>\$ 6,427,295</b>	<b>\$ 6,641,888</b>	<b>(214,593)</b>	<b>-3%</b>

**U.S. Portfolio**

Cash and Cash Equivalents	7,704	5,448	2,255	41%
Fixed Income	178,908	193,816	(14,908)	-8%
Equity - United States	1,155,817	1,158,475	(2,658)	0%
Equity - Foreign	32,696	66,896	(34,200)	-51%
	<b>\$ 1,375,125</b>	<b>\$ 1,424,635</b>	<b>(49,511)</b>	<b>-3%</b>

Exchange rate	1.3536	1.3078	0.046	5%
---------------	--------	--------	-------	----



Appendix E

**Integrated Risk Management Reporting to the Board**

<b>EL-2e Financial Condition and Activities Focus: Financial Viability, Government Policy, Funding and Commitment</b>		
<b>Item</b>	<b>Risk</b>	<b>Mitigation Strategy</b>
Post-Secondary Enrolment	<ul style="list-style-type: none"> <li>Enrolment less than projection resulting in reduced government grants and tuition income.</li> </ul>	<ul style="list-style-type: none"> <li>Increase international student enrolment</li> <li>Strategic Enrolment Management Plan</li> <li>School/College work Initiative</li> <li>Study North</li> <li>Northern College Collaboration</li> <li>Technology Enabled Learning out-reach</li> </ul>
Provincial Operating Grants and Tuition Fees	<ul style="list-style-type: none"> <li>Provincial Operating Grants and Tuition fee revenue less than Budgeted</li> </ul>	<ul style="list-style-type: none"> <li>Provincial grants and domestic tuition revenue factored into the 2015-16 budget projections.</li> <li>New Funding formula review by MTCU</li> <li>Tuition fee overall increase of 3% was based on MTCU's tuition fee policy.</li> <li>Domestic enrolment is projected to decrease by 2.0% over the previous fiscal year's audited enrolment.</li> <li>International enrolment is expected to continue to grow.</li> </ul>
Salary and Benefit Costs	<ul style="list-style-type: none"> <li>Salary and benefits account for approximately 67% of total annual expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>Collective agreements are in place for faculty and support staff for the next 3 and 4 years respectively.</li> <li>Relative certainty about salary and benefit costs.</li> </ul>
Contract Training	<ul style="list-style-type: none"> <li>Significant changes to Canada and Ontario training agreement and policies</li> <li>Provincial fiscal restraint</li> </ul>	<ul style="list-style-type: none"> <li>Strategic review of changing government funding policies</li> <li>Projected revenues and expenditures in budget reflect confirmed contracts only.</li> <li>Explore partnership opportunities with New Federal Government</li> <li>Diversification of revenue i.e., Social Impact Bond Pilot Project; Ecuador Project; Indigenous Governance in Public Administration Internship Program.</li> </ul>
Capital Infrastructure	<ul style="list-style-type: none"> <li>Limited provincial capital grants to maintain and upgrade College facilities, technology and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Draft 10 year Capital Plan</li> <li>NOHFC and FedNor grants</li> <li>SUCCI partnership in Wellness Centre</li> <li>Provincial capital grants (FRP, CERF, AEF)</li> <li>TEC Hub announcement in 2016-17 Provincial Budget</li> </ul>