



Date: **November 8, 2017**  
Last Updated: **March 24, 2017**

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 first 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 2017-18.

**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 a year-end 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:**

Our 2017-18 operating budget projection to year end March 31, 2018 shows a positive variance of approximately \$146,000 which is a small increase from our original budget.

	<b>Actual 2016-17</b>	<b>Original Budget 2017/18</b>	<b>YTD Actual Sept 30/17</b>	<b>Year-End Forecast March 31/18</b>
<b>Total Revenues</b>	\$75,857,236	\$80,208,544	\$37,965,409	\$81,752,763
<b>Total Expenses</b>	\$74,942,438	\$80,208,256	\$32,693,104	\$81,606,424
<b>Surplus (Deficit)</b>	\$914,797	\$287	\$5,272,305	\$146,339

The mid-year forecast was determined using the year-to-date September 30, 2017 financial information (six months of the actual results). Projected revenues and expenditures for the remaining six months of our fiscal year (as of March 31, 2018) were then analyzed and adjusted based on various assumptions.

**Forecasted Revenues to March 31, 2018** are projected to be above budget by approximately \$1.544M. Projected increases in tuition of approximately \$2.22M (see enrolment projections below) and one time operating grant funding from MAESD of \$1.62M (which must be utilized by year-end) are expected to be offset by projected decreases in contract training revenue of over \$2M (timing of the contracts has moved to the 2018-19 fiscal year) and ancillary operations revenue of \$200K.

**Enrolment Projections**

Description	2017-18 Projections		2017-18 (revised)		Variance	
	Fall	Winter	*Actual	*Projected	Fall	Winter
<b>International</b>	538	580	660	713	+122	+133
<b>Domestic</b>	2783	2,630	2,859	2,620	+76	-10
<b>Total</b>	3,321	3,210	3,519	3,333	+198	+122

**Forecasted Expenditures to March 31, 2018** are projected to be above budget by approximately \$1.398M. Increases are projected for Salaries and Benefits (\$173K) for new Mental Health Strategist and Chair of School of Business, Hospitality and Media Arts; Deferred maintenance and Greenstone Retrofit (\$473K); Contracted services (\$614K) due to additional payments to Lakehead University re Bachelor of Science in Nursing memorandum of understanding, contract training and Bill 148 on ancillary operations; Equipment (\$216K) for new phone system; Office and Instructional supplies (\$175K) for new computers for new lab and capital campaign costs: Software (\$124K) for “Degree works” software that was not funded by College Equipment Renewal Fund grant; offset by reduced expenditures for Miscellaneous \$418K and Travel \$79K due to reduced contract training activity projected.

See Appendix “A” for further financial details.

I report compliance

**2. Use any long-term reserves.**

I interpret “long term reserves” to mean a reserve specifically designated by the Board as a long term reserve, and identified as such on the Statement of Financial Position (Balance Sheet), with its purpose and conditions of use defined in the Notes to the Financial Statement.

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

**Evidence:**

The March 31, 2017 Financial Statements for the College did not report any long term reserves on its Statement of Financial Position or accompanying notes.

As of September 30, 2017, the Board has not designated the creation of a long term reserve fund therefore no such funds are available for use by the College.

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.” As of September 30, 2017, the Accounts Payable balance was \$8.4 million versus \$6.4 million at March 31, 2017, an increase of approximately \$2.0 million. The increase in account balances is mainly due to the timing of tuition payments received in advance of tuitions billings. See Appendix “B” and “C” for further details.

Accounts Receivable

As of September 30, 2017, the Accounts Receivable balance was \$5.3 million versus \$4.71 million at March 31, 2017. Account balance increases are mostly due to timing of 2017 Term Student and Sponsor fees. See Appendix “B” & “D” for further details.

Debts

Operating loans are paid automatically by direct debits to our bank account. See Appendix “E”.

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.

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.

Respectfully submitted,

D. Jim Madder  
President

Appendix A

Confederation College  
Financial Statement as at September 30, 2017  
With Revised Forecast to March 31, 2018

	YTD- September 30, 2017			Forecast - March 31, 2018		
	Budget	Actual	Variance	Annual Budget	Forecast	Variance
<b>Revenue</b>						
Post Secondary Grant	\$ 14,998,817	\$14,674,837	\$ (323,980)	\$ 29,997,633	\$ 31,619,687	\$ 1,622,054
Other Provincial Grants	5,704,877	5,150,714	(554,162)	11,409,753	11,394,882	(14,871)
Tuition Fees-Domestic	4,698,126	5,106,876	408,750	9,396,253	9,604,866	208,613
Other Student Fees	1,393,416	2,626,807	1,233,392	2,786,831	3,085,340	298,509
Tuition Fees - International	3,930,170	4,829,091	898,920	7,860,341	9,579,548	1,719,207
Contract and Programs	5,348,032	2,168,134	(3,179,898)	10,696,063	8,607,040	(2,089,023)
Ancillary Operations	1,704,019	1,297,238	(406,781)	3,408,038	3,207,768	(200,270)
Other Revenue	714,261	504,156	(210,104)	3,215,111	3,215,111	-
Deferred Capital Contributions	1,607,555	1,607,555		1,438,521	1,438,521	
<b>Total Revenue</b>	<b>\$ 40,099,272</b>	<b>\$37,965,409</b>	<b>\$(2,133,864)</b>	<b>\$ 80,208,544</b>	<b>\$ 81,752,763</b>	<b>\$ 1,544,219</b>
<b>Expenses</b>						
Total Full Time Salaries & Benefits	\$ 20,731,726	\$19,312,763	\$ 1,418,963	\$ 41,410,746	\$ 41,443,459	\$ (32,713)
Total Part Time Salaries & Benefits	4,552,650	2,842,596	1,710,054	9,124,052	9,264,732	(140,680)
Restructuring Costs	-	186,013	(186,013)	-	-	-
Buildings, Mtce, Grounds & Utilities	1,773,976	1,187,942	586,034	3,547,953	4,084,453	(536,500)
Contracted Services	3,865,217	2,121,833	1,743,384	7,708,434	8,322,302	(613,868)
Furniture & Equipment	511,550	452,453	59,097	1,023,100	1,272,100	(249,000)
Miscellaneous	852,926	445,569	407,358	1,676,797	1,258,797	418,000
Office & Instructional Expenses	3,572,625	2,317,525	1,255,100	7,145,247	7,320,362	(175,115)
Professional & Audit Fees	682,433	342,362	340,071	1,389,866	1,412,866	(23,000)
Scholarships & TSA	294,400	(317,092)	611,493	588,801	588,801	-
Telecommunications & Software	644,630	1,096,902	(452,272)	1,289,260	1,413,260	(124,000)
Travel and Professional Development	655,104	742,344	(87,240)	1,380,209	1,301,501	78,708
Depreciation	1,961,895	1,961,895		3,923,791	3,923,791	
<b>Total Expenses</b>	<b>\$ 40,099,135</b>	<b>\$32,693,104</b>	<b>\$ 7,406,031</b>	<b>\$ 80,208,256</b>	<b>\$ 81,606,424</b>	<b>\$(1,398,168)</b>
<b>Surplus (Deficiency)</b>	<b>\$ 137</b>	<b>\$ 5,272,305</b>	<b>\$ 5,272,167</b>	<b>\$ 287</b>	<b>\$ 146,339</b>	<b>\$ 146,051</b>

Appendix B

1

The Confederation College of Applied Arts and Technology  
Statement of Financial Position

	Actuals at September 30, 2017	Budgeted at March 31, 2017	Forecasted at March 31, 2017
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 22,362,923	\$ 12,734,970	\$ 12,880,733
Accounts receivable	5,302,073	6,712,961	6,712,961
Inventory	641,246	641,246	641,246
Current portion of notes and long-term receivable	19,687	504,617	504,617
Grants receivables	-	190,034	190,034
Prepaid expenses	328,859	371,844	371,844
	<u>28,654,788</u>	<u>21,155,672</u>	<u>21,301,435</u>
Investment portfolio - endowments restricted	8,920,129	9,187,733	9,187,733
Notes and long-term receivable	39,701	7,542,656	7,542,656
Construction in progress	18,329,113	18,207,341	18,207,341
Capital assets	<u>30,680,541</u>	<u>52,576,836</u>	<u>52,576,836</u>
	<u>\$ 86,624,271</u>	<u>\$ 108,670,238</u>	<u>\$ 108,816,001</u>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable	\$ 8,428,570	\$ 4,919,916	\$ 4,919,916
Deferred revenue	5,307,694	3,025,430	3,025,430
Vacation Pay	3,011,721	2,886,721	2,886,721
Current portion of long term debt	364,399	634,578	634,578
	<u>17,112,383</u>	<u>11,466,645</u>	<u>11,466,645</u>
Post-employment benefits and compensated absences	2,497,000	2,497,000	2,497,000
Deferred capital contributions	34,130,339	49,206,125	49,206,125
Deferred capital contributions - construction in progress	6,451,032	19,042,000	19,042,000
Long term debt	6,472,977	11,206,507	11,206,507
	<u>66,663,731</u>	<u>93,418,277</u>	<u>93,418,277</u>
<b>Net Assets</b>			
<b>Unrestricted</b>			
Operating	12,061,389	6,789,372	6,935,135
Post-employment benefits and compensated absences	(2,497,000)	(2,497,000)	(2,497,000)
Vacation Pay	(3,011,721)	(2,886,721)	(2,886,721)
	<u>6,552,668</u>	<u>1,405,651</u>	<u>1,551,414</u>
Invested in capital assets	1,250,026	1,633,964	1,633,964
Internally restricted	3,455,642	3,195,197	3,195,197
Endowments restricted	8,702,204	9,017,149	9,017,149
	<u>19,960,540</u>	<u>15,251,961</u>	<u>13,846,310</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>19,960,540</u>	<u>15,251,961</u>	<u>15,397,724</u>
	<u>\$ 86,624,271</u>	<u>\$ 108,670,238</u>	<u>\$ 108,816,001</u>

**Accounts Payable and Accrued Liabilities**

**Appendix C**

<b>Accounts Payable and Accrued Liabilities</b>	<b>Sept 30, 2017</b>	<b>March 31, 2017</b>
Trade	7,376,817	\$ 4,676,214
Accrued Liabilities	478,275	334,734
Accrued salaries and employee's deductions	573,478	1,408,969
	<b>8,428,570</b>	<b>\$ 6,419,917</b>

**Accounts Payable (Random) Samples**

<b>Vendor</b>	<b>Vendor ID</b>	<b>Amount</b>	<b>A/P Document #</b>	<b>Date of Vendor Invoice</b>	<b>Invoice - Date Received</b>	<b>Date - Cheque Issued</b>
Moore, Michael	100110550	1,714.53	I0174591	20-Sep-17	20-Sep-17	28-Sep-17
Aviall Canada Ltd	AVIALICA	1,650.33	I0174300	2-Sep-17	6-Sep-17	21-Sep-17
Cole International	COLEINT	1,905.68	I0173806	8-Aug-17	23-Aug-17	24-Aug-17
Consulab Educatech Inc	CONEDUINC	7,401.50	I0173532	19-Jul-17	3-Aug-17	11-Aug-17
Bennetts Bakery	BENNETTS	1,917.00	I0173501	4-Aug-17	4-Aug-17	11-Aug-17
KCI Ketchum Canada Inc	KCIKETCAN	8,475.00	I0173270	30-Jun-17	26-Jul-17	27-Jul-17
Campus EAI	CAMEAI	4,294.00	I0172627	23-May-17	30-Jun-17	6-Jul-17
Ellucian Company LP	ELLCOMLP	129,379.35	I0172341	2-May-17	20-Jun-17	22-Jun-17

**Appendix D**

**Accounts Receivable**

Accounts receivable are comprised of balances receivable from students, Sponsoring agencies and Corporate clients for contract training. Credit risk is mitigated to some extent by requiring that payment be received before a student is allowed to register, unless they have certain pre-qualified conditions, such as funding through the Ontario Student Assistance Program, sponsorship funding, or split-fee tuition fee option.

	<b>Sept 30, 2017</b>	<b>March 31, 2017</b>
Students and sponsors	\$ 3,187,652	\$ 863,823
General	2,114,420	3,849,138
	<b>\$ 5,302,072</b>	<b>\$ 4,712,961</b>

Appendix E

Long-Term Debt	Amount
Sibley Hall	\$757,167
Ryan Hall	\$277,769
Site Improvements	\$103,447
Website Development	\$83,993
Wellness Centre	5,615,000
Total Debt as of September 30, 2017	\$6,837,376
Current Portion	(\$364,399)
Total Debt	\$6,472,977



Appendix F

**Integrated Risk Management Reporting to the Board**

<b>EL-2d 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>Strategic Enrolment Management Plan</li> <li>Study North/Northern College Collaboration</li> <li>International enrolment is expected to continue to grow but at a slower pace.</li> <li>Multi-year enrolment projections</li> <li>Program enrolment and costing reviews</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 2017-18 budget.</li> <li>New Corridor funding model delayed to 2019-20.</li> <li>Participation on review committee for SNR grant.</li> <li>Tuition fee overall increase of 3% was based on MAESD tuition fee policy.</li> </ul>
Salary and Benefit Costs	<ul style="list-style-type: none"> <li>Salary and benefits account for approximately 63% of total annual expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>Academic faculty collective agreement expired September 30, 2017; strike action commenced October 16, 2017.</li> <li>New support staff collective agreement in place until August 31, 2022.</li> <li>Impact of Bill 148: Colleges Ontario and province are reviewing cost impacts and options.</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>Continue to explore partnership opportunities with Federal Government</li> <li>Diversification of revenue: Indigenous Governance in Public Administration Internship Program.</li> </ul>
Capital Infrastructure	<ul style="list-style-type: none"> <li>Limited provincial and federal capital grants to maintain and upgrade College facilities, technology and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Provincial, NOHFC, FedNor and SIF project grants</li> <li>SUCCI partnership/funding agreement</li> <li>Provincial facilities and program related grants (FRP, CERF, AEF)</li> <li>TEC Hub, Sioux Lookout H.S.; Wellness Centre projects</li> <li>Greenhouse Gas Campus Retrofits Program</li> <li>New Capital Strategy being developed by MAESD.</li> <li>Capital campaign fund raising for TEC Hub equipment.</li> </ul>