



Date: November 27, 2015
Last Updated: June 26, 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 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 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:

A new budget report is being used by the Senior Team and Finance to monitor actual year-to-date and projected year-end variances in relation to the Board approved budget. While year-to-date actuals to October 31, 2015 show a negative variance of \$727,049, our projection for the remainder of the fiscal year to March 31, 2016 is a small deficit of \$371,684 or approximately .525% of our total budget of \$70.8M. This short-fall will be managed by reductions to discretionary spending from now until year-end.

Year-to-date actuals as of October 31, 2015 show a negative variance largely due to timing differences in both revenues and expenditures. For example Revenues are lower due to the timing of payments of approximately \$2.2M related to provincial grants and ancillary operations. Expenditures are lower by approximately \$1.6M as the fall term has just commenced resulting in lower expenses to date for part-time salaries and instructional supplies.

Forecasted Expenditures to March 31, 2016 are generally on target for salaries and benefits which account for 67% of annual operating expenditures. Notable exceptions are projected increases in expenses for the Aviation Flight program, Utilities, Legal Fees and Ancillary Operations. Projected costs for the implementation of the 2015-16 restructuring plan is expected to be right on the budget target of \$1,244,408. However, our analysis revealed that carry forward costs of \$136,649 related to previous restructuring initiatives were not budgeted.

Forecasted Revenues to March 31, 2016 are projected to be above target by approximately \$714,500 mostly due to higher international student enrolment for the fall and winter intakes. This was offset somewhat by projected reduced revenues from contract training and ancillary operations. The fall enrolment on November 1, 2015 was 3,460 versus budget estimate of 3,308 which is an increase of 152 students (increase of 109 International and 43 domestic students). It is also anticipated that the winter intake will exceed our budget projections by 101 students.

See Appendix A for further financial 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 as of October 30, 2015 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 October 31, 2015, the Accounts Payable balance was \$4.5 million compared to \$5.5 million at March 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 April 2015 to October 2015.

Accounts Receivable

As of October 31, 2015, the Accounts Receivable balance was \$4.3 million versus \$6.6 million at March 31, 2015 for students, corporations, and sponsors per the comparative Exhibit below. March 31 balances are higher due to year-end billings and revenue accruals.

Accounts receivable balances continue to be closely monitored by Finance staff.

Historical Balances	Accounts Receivable	Accounts Payable
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.

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. Five (5) liens were originally registered against Campus Development Corporation (CDC)/London Properties and Confederation College related to the construction of the new student residences. As of November 11, 2015, all liens have been discharged. FYI, as per the lease contract (section 4.5 Liens), CDC is responsible for discharging all liens.

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.

MOTION:

THAT we accept Report EL-2d – Financial Condition and Activities, showing full compliance with a reasonable interpretation of the policy.

Respectfully submitted,

D. Jim Madder
President

EL-2d – Appendix A

Confederation College
Financial Statement as at October 31, 2015
With Revised Forecast to March 31, 2016

	Original Annual Budget 2015-16	YTD- October 31, 2015			Forecast - March 31, 2016		
		Budget	Actual	Variance	Budget	Forecast	Variance
Revenue							
Post Secondary Grant	\$ 30,136,633	\$ 17,579,703	\$ 17,275,529	\$ (304,173)	\$ 30,136,633	\$ 30,044,633	\$ (92,000)
Other Provincial Grants	12,073,491	7,042,870	6,020,917	(1,021,952)	12,073,491	11,805,181	(268,310)
Tuition Fees-Domestic	9,597,361	5,598,461	5,079,931	(518,530)	9,597,361	9,656,351	58,990
Other Student Fees	2,648,913	1,545,199	1,650,209	105,009	2,648,913	2,648,913	-
Tuition Fees - International	5,341,430	3,115,834	3,194,087	78,253	5,341,430	6,408,360	1,066,930
Contract and Programs	4,302,147	2,509,586	3,252,732	743,146	4,302,147	4,595,485	293,338
Ancillary Operations	3,616,111	2,109,398	1,834,631	(274,767)	3,616,111	3,394,611	(221,500)
Other Revenue	3,060,799	1,785,466	635,110	(1,150,356)	3,060,799	2,936,762	(124,037)
Total Revenue	\$ 70,776,885	\$ 41,286,516	\$ 38,943,146	\$ (2,343,370)	\$ 70,776,885	\$ 71,490,296	\$ 713,411
Expenses							
Total Full Time Salaries & Benefits	\$ 38,062,393	\$ 22,203,063	\$ 22,690,277	\$ (487,215)	\$ 38,062,393	\$ 37,847,484	\$ 214,909
Total Part Time Salaries & Benefits	9,141,655	5,332,632.08	4,234,576	1,098,056	9,141,655	9,393,010	(251,355)
Restructuring Costs	1,244,408	725,905	360,274	365,631	1,244,408	1,381,057	(136,649)
Buildings, Mtce, Grounds & Utilities	3,277,838	1,912,072	1,985,039	(72,967)	3,277,838	3,432,745	(154,907)
Contracted Services	6,020,014	3,511,675	3,753,392	(241,717)	6,020,014	6,706,227	(686,213)
Furniture & Equipment	872,411	508,906	451,895	57,011	872,411	872,411	-
Miscellaneous	2,357,834	1,375,403	816,084	559,319	2,357,834	2,357,834	-
Office & Instructional Expenses	6,345,400	3,701,483	2,845,832	855,651	6,345,400	6,279,628	65,772
Professional Dues & Audit Fees	603,665	352,138	486,624	(134,486)	603,665	753,665	(150,000)
Scholarships & TSA	521,301	304,092	209,770	94,322	521,301	521,301	-
Telecommunications & Software	1,239,078	722,796	932,653	(209,858)	1,239,078	1,239,678	(600)
Travel and Prof. Dev.	1,090,888	636,351	903,777	(267,425)	1,090,888	1,076,940	13,948
Total Expenses	\$ 70,776,885	\$ 41,286,516	\$ 39,670,195	\$ 1,616,322	\$ 70,776,885	\$ 71,861,980	\$ (1,085,095)
Surplus (Deficiency)	\$ -	\$ -	\$ (727,049)	\$ (727,049)	\$ -	\$ (371,684)	\$ (371,684)

Confederation College Enrolment Headcount Report - 2015/2016 Budget

**Includes International Students/Second Career/WSIB Students*

	2014-15 Actuals		2015-16 Budget		2015-16 w/Actual for Fall	
	<i>fall</i>	<i>winter</i>	<i>fall</i>	<i>winter</i>	<i>(Actual) fall</i>	<i>winter</i>
Subtotal College *Headcount	3,412	3,115	3,308	3,183	3,460	3,284
Less International Enrolment	304	339	323	393	432	501
Domestic Enrolment	3,108	2,776	2,985	2,790	3,028	2,783

EL-2d – Appendix B

Accounts Payable (Random) Samples

Vendor	Amount	A/P Document #	Date of Vendor Invoice	Invoice - Date Received	Date - Cheque Issued
Outland Camps Inc	113,000.00	I0154384	27-Aug-15	16-Sep-15	17-Sep-15
Automation Now	8,373.30	I0155571	13-Oct-15	13-Oct-15	30-Oct-15
ACCENT Workplace Environment	9,650.20	I0154434	11-Sep-15	14-Sep-15	24-Sep-15
B&H Photo Video (USD Invoice)	1,564.05	I0154682	31-Aug-15	11-Sep-15	8-Oct-15
MGM Electric	4,215.79	I0153237	15-May-15	21-Jul-15	30-Jul-15
JC Options	15,870.85	I0153390	9-Jul-15	9-Jul-15	6-Aug-15
Friesens Fast Print	8,514.32	I0152755	11-May-15	6-Jul-15	8-Jul-15
Johnson Waste Management	44.91	I0152892	30-Jun-15	14-Jul-15	16-Jul-15

EL-2d – Appendix C

HST Remittance – Summary for Last 6 Months

Reporting Period	Due Date	Amount of Refund	Amount Remitted	Cheque Date	Date Filed	Confirmation Number
1-Apr-15 30-Apr-15	31-May-15	69,767.81	-		28-May-15	535593
1-May-15 31-May-15	30-Jun-15	95,709.04	-		25-Jun-15	531471
1-Jun-15 30-Jun-15	31-Jul-15	114,442.50	-		23-Jul-15	421879
1-Jul-15 31-Jul-15	31-Aug-15	130,365.68	-		31-Aug-15	642899
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

Endowment Account Summary

EL-2d – Appendix D

Balance at October 31 2015

	<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

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

The CDN fund is down 5% over from March 2015 to end of October 2015. The US fund is up 9% over the period due to 4% increase in value due to exchange rate gain (1.3078 vs 1.2666) on USD investments, a market loss of 6%, and investment increase of 8% over the period

Canadian Portfolio

	October 2015	March 2015	Change over Period	
Cash and Cash Equivalents	17,043	62,283	(45,240)	-73%
Fixed Income	4,664,398	4,770,992	(106,594)	-2%
Equity - Canadian	1,893,109	1,999,332	(106,223)	-5%
Equity - Foreign	67,338	133,531	(66,193)	-50%
	\$ 6,641,888	\$ 6,966,138	(324,250)	-5%

U.S. Portfolio

Cash and Cash Equivalents	5,448	26,311	(20,862)	-79%
Fixed Income	193,816	210,324	(16,508)	-8%
Equity - United States	1,158,475	1,068,678	89,797	8%
Equity - Foreign	66,896	0	66,896	#DIV/0!
	\$ 1,424,635	\$ 1,305,313	119,322	9%

Exchange rate	1.3078	1.2666	0.041	4%
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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	<ul style="list-style-type: none"> Enrolment less than projection resulting in reduced government grants and tuition income. 	<ul style="list-style-type: none"> Increase international student enrolment Strategic Enrolment Management Plan considered multi-year demographic changes and retention rates School/College work Initiative Study North Northern College Collaboration Technology Enabled Learning out-reach
Provincial Operating Grants and Tuition Fees	<ul style="list-style-type: none"> Provincial Operating Grants and Tuition fee revenue less than Budgeted 	<ul style="list-style-type: none"> Provincial grants and domestic tuition revenue factored into the 2015-16 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 continue to grow.
Salary and Benefit Costs	<ul style="list-style-type: none"> Salary and benefits account for approximately 67% of total annual expenditures. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Significant changes to Canada and Ontario training agreement and policies Provincial fiscal restraint 	<ul style="list-style-type: none"> Strategic review of changing government funding policies Continued vigilance Projected revenues and expenditures reflect confirmed contracts only. Colleges Ontario and MPP advocacy Explore partnership opportunities with New Federal Government Diversification of revenue i.e., Social Impact Bond Pilot Project; Ecuador Project; Indigenous Governance in Public Administration Internship Program.
Capital Infrastructure	<ul style="list-style-type: none"> Limited provincial capital grants to maintain and upgrade College facilities, technology and equipment 	<ul style="list-style-type: none"> Draft 10 year Capital Plan NOHFC and FedNor grants SUCCI partnership in Wellness Centre Provincial capital grants (FRP, CERF, AEF)