BOARD OF TRUSTEES
Report

To:	Board of Trustees & Capital Assets and Finance Committee	Date of Report: 11/5/2021
From:	Vice-Principal (Finance and Administration)	Date of Choose Committee or enter Approval:
Subject:	Financial Projection as at September 30, 2021	Date of Board Committee Meeting: 11/25/2021
Responsible Portfolio:	Vice-Principal (Finance and Administration)	Date of Board Meeting: 12/3/2021

1.0 PURPOSE

For Approval For Discussion For Information

2.0 MOTION/DISCUSSION

This report is for information only.

3.0 EXECUTIVE SUMMARY

This report provides the Board of Trustees and the Capital Assets and Finance Committee with an overview of projected financial results for both the Operating and Ancillary Funds and the Bader International Study Centre.

2021-22

The Bader International Study Centre combined operations are expecting a deficit of £0.1 million against the budgeted surplus of £0.5 million. The variance is driven by decrease in the projected revenue due to a loss in residency fees as the summer term was offered online, originally budgeted as in-person sessions and slightly lower enrolment than originally budgeted, offset by additional financial support of £1.125 ($1.9 CAD)million from Queen's.

Additional details are presented in the analysis section.

4.0 STRATEGIC ALIGNMENT / COMPLIANCE

A key responsibility of the Board of Trustees and the Capital Assets and Finance Committee is approval of the operating budget. The financial update provides information on projections against the approved budget and an opportunity for the Board to ask questions of management. It is an important element of Board fiduciary oversight.

4.1 EQUITY, DIVERSITY, INCLUSION, AND INDIGENIZATION

No impact.

5.0 ENTERPRISE RISK ASSESSMENT

Review of financial progress reports compared to Board approved budgets is an important mitigation factor in addressing a number of the top risks in the enterprise risk framework.

Revenues

Student Fees

Most of the revenue in the operating fund is derived from enrolment. The University is projecting shortfalls on undergraduate tuition.

Amounts presented in millions		
Type	Variance	Comments
For Credit - Undergraduate	(15.9)	Undergraduate tuition is projecting a $15.9 million negative variance. Shortfalls against the budget were observed in international enrolment (-$24.0M) primarily for the Faculty of Arts & Science and Faculty of Engineering and Applied Science offset by increases in Smith School of Business ($1.7M). The majority of the decline in expected international enrolment is the result of lower than budgeted intake, as well as lower than planned retention across various programs, predominantly in the Faculty of Artftlaa4.0a717214.9 (F) (f)12reg

of $5.2 million for the Pooled Investment Fund (PIF) has been included in the projected revenue. The PIF has experienced gains to date of $15.9 million for the period ended September 30th, 2021.

Other Revenue

Other revenue is projected to be $1.5 million below budget, mostly attributed to membership fee, rental and programming revenue losses for Athletics & Recreation due to the on-going COVID-19 protocols still in place for Fall and Winter.

Expenditures

Faculties & Schools Allocations

Faculties and Schools Allocations are expected to be $11.5 million lower than budgeted, due to the shortfall in for-credit revenue discussed under the 'Student Fees' section. Under the budget model, tuition and grant revenues are attributed directly to the Faculties and Schools.

Flow Through Expenses

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Faculties and Schools are projecting an in-year deficit of $12.8 million against a budgeted deficit of $28.7 million. In anticipation of soft international enrolments Faculties and Schools budgeted contingencies of $9.8 million. These contingencies largely offset the $11.5 million reduction in Faculty and Schools Allocations described in the previous section. Accordingly, most of the $15.9 million favorable variance presented above is due to salary and benefit savings associated with deferral and delayed hiring, as well as reductions in expenses related to travel, events and in-residence costs largely in the Smith School of Business professional programs.

Shared service units are projecting an in-year deficit of $16.8 million, which represents an increase of $2.4 million compared to their budgeted drawdowns. The main causes of the increase in drawdown include:

¾ Renovation projects not budgeted but initiated in-year by the Library
¾ Higher than anticipated costs associated with entrance awards in undergraduate student aid.

The drawdown factors noted above are offset by:

¾ Cybersecurity costs budgeted in the current year, but expensed in 2020-21
¾ Spending delays in

Central reserves are projecting a drawdown of $4.9 million from carryforward against a budgeted drawdown of $0.2 million, an unfavourable variance of $4.7 million. Details are presented below. o2v1d

Amounts are presented in millions	
Variance	Explanation
1.1	Canada Foundation for Innov1dt for Inr Inov1dof6D 641.(of6)6 (v1d)3.1 (o)-4 657 409.199

Herstmonceux Castle Enterprises Limited (HCE). The combined BISC amounts are not a full consolidation; as a result, there may be some sales and expenses between the entities, which will

APPENDIX I – Queen’s University 2021-22 Ancillary Financial Report