



BOARD OF TRUSTEES Report

To:	Board of Trustees & Capital Assets and Finance Committee	Date of Report: 2/17/2023
From:	VicePrincipal (Finance and Administration)	Date of Choose Committee or enter Approval: N/A
Subject:	Financial Projection as at December, 2022	Date of Board Committee Meeting: 3/3/2023
Responsible Portfolio:	VicePrincipal (Finance and Administration)	Date of Board Meeting: 3/3/2023

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 Bader College (

The Operating Fund projection reflects student fee revenue that is \$43.9 million lower than budget. This is primarily the result of lower undergraduate international student enrolment as well as lower enrolment in professional graduate programs. This has resulted in a projected deficit of \$18.2 million, as a result of planned Faculty drawdown of reserves. Consistent with prior years, the projected deficit is lower than budget (\$43.5 million), primarily due to deferral of renovations and delayed hiring as well as planned contingencies reflecting anticipated revenue shortfalls. The Pooled Investment Fund (PIF) has experienced gains to date of \$4.3 million as at January 31, 2023, which are not reflected in the above deficits. Given the volatility of financial markets, projected revenue for the PIF remains

6.0 ANALYSIS

A summary version of the 2022~~23~~ Operating Budget is presented in the table below.

	Amounts presented in million		
	Approved budget	Projected actuals	Variance
Student Fees	459.6	415.7	(43.9)
Government Grants	214.2	214.5	0.3
Investment Income*	13.8	20.6	6.8
Other Revenue**	10.3	9.5	(0.8)
Total revenues	697.9	660.3	(37.6)
Expenditures			
Faculties & Schools Allocations	418.3	376.6	(41.7)
Shared Services Allocations	181.1	181.2	0.1
Utilities	19.3	22.2	2.9
Student Aid	30.3	30.3	-
Other Allocations***	18.4	18.4	-
Flow Through Allocations	17.5	17.4	(0.1)
Overhead Cost Recoveries	(5.6)	(5.8)	(0.2)
To be Allocated / (Funded)	2.3	4.2	1.9
Indirect Costs of Research to External Entities	0.9	0.4	(0.5)
Transfer to Capital Budget	15.4	15.4	-
Total Allocations and Expenditures	697.9	660.3	(37.6)
Transfer to Pension Reserve	5.0	5.2	0.2
Unit Spending Greater than Budget Allocation	(48.5)	(33.4)	15.1
Budget (deficit)/surplus	(43.5)	(28.2)	15.3
Excess Funding from Carryforwards	48.5	33.4	(15.1)
Contributed to Pension Reserve	(5.0)	(5.2)	(0.2)
Drawdown of / (Contribution to) Reserves	43.5	28.2	(15.3)

*Pooled Investment Fund income projection is based on budget of \$5.2 million

**Other revenue is composed of unrestricted donations, other income, and research overhead.

***Other allocations is composed of infrastructure renewal, strategic priorities and compliance and contingency.

Revenues

Student Fees

Most of the revenue in the operat

Type	Variance
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For Credit -
Undergraduate

(29.7)

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awards to help diversify the international enrolment pool from under-represented geographical locations, making offers to international students earlier in the denr

Pooled Investment Fund (PIF) has still been included in the projected revenue. Investment income on short-term cash balances is showing a positive variance of \$6.8 million because of higher than budgeted interest income further to the substantial increase in interest rates.

Expenditures

Faculties & Schools Allocations

Faculties and Schools Allocations are expected to be \$11.7 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.

Other Expenditures

Utilities expenses are expected to be \$2.9 million higher than budget. The increase is being driven by a significant increase in electricity costs, resulting from a dramatic drop in benefits from the Global Adjustment program, combined with the increase in electricity rates, and an increase in costs for natural gas. Additionally, the Utilities budget was impacted by the University's portion (\$0.6 million) of an upgrade for the controls of the turbine engines at the Cogeneration facility which was not contemplated in the budget.

To be Allocated / (Funded)

The University is projecting an increase in central university funds of \$1.9 million compared to budget. This increase is primarily due to projected increases in short-term investment revenue.

Unit spending greater than budget allocation

Units are projecting a drawdown or carryforward of \$33.4 million, compared to the originally budgeted drawdown of \$48.5 million. Details on these variances are reported below.

2022-23 Projected Deficit / (Surplus); Amounts presented in millions			
	Budget	Projected	Variance
Faculties and Schools	32.1	29.5	(2.6)
Shared Services	11.9	2.2	(9.7)
Central Reserves	4.5	1.7	(2.8)
Total	48.5	33.4	(15.1)

Faculties and Schools are projecting a year deficit of \$29.5 million against a budgeted deficit of \$32.1 million. In anticipation of soft international enrolments, Faculties and Schools budgeted contingencies of approximately \$1 million. These contingencies partially offset the \$7 million reduction in Faculty and Schools Allocations described in the previous section. Accordingly, most of the remaining \$30.7 million reduction in Faculty and School allocations is offset by salary and benefit savings associated with deferral and delayed hiring of faculty and staff, deferral in renovation and alteration projects, unbudgeted revenue as well as further reductions in expenses related to materials, scholarships, program delivery and residence costs largely in the Smith School of Business professional programs, offsetting the loss in for-credit revenue.

Parking

Parking operations, both revenue and expenses are projected to come in on budget.

Affiliated Entities

The information summarized below represents the combined operations of Bader College which include the operations of Bader College (Bader) and Herstmonceux Castle Enterprises Limited (HCE). The combined Bader College amounts are not a full consolidation; as a result, there may be some sales and expenses between the entities, which will be eliminated through consolidation at year

ATTACHMENTS

APPENDIX - Queen's University 2022-23 Ancillary Financial Report

