



To:	Board of Trustees & Finance, Assets, and Strategic Infrastructure Committee	Date of Report:
From:	Vice-Principal (Finance and Administration)	Date of Choose Committee or enter Approval: N/A
Subject:	Financial Projection as of December 31, 2023	Date of Board Committee Meeting: 3/8/2024
Responsible Portfolio:	Vice-Principal (Finance and Administration)	Date of Board Meeting: 3/8/2024

1.0 PURPOSE

For Action 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 Finance, Assets, and Strategic Infrastructure Committee with an overview of projected financial results for both the Operating and Ancillary Funds.

2023-24 Projected Financial Results

Operating Fund

The Operating Fund deficit is projected to be \$40.7 million compared with the budgeted deficit of \$62.8 million.

Ancillary Operations

Ancillary Operations are projecting a surplus of \$2.3 million, aligned with the budgeted surplus of \$2.5 million. Residence is experiencing lower than expected revenues due to higher than historical vacancy rates as well as no optional meal plan or dining hall door sales during the fall term due to decreased capacity resulting from the Leonard Dining Hall construction project. Projected costs are higher than budgeted due to higher costs per meal and extended hours at Ban Righ dining hall due to the Leonard Hall construction project in Residences. Transfers to the capital reserve have been reduced to offset these unfavourable variances.

Parking is projecting an additional \$0.5 million deficit in comparison to ,n ho000

Revenues

Student Fees

Most of the revenue in the operating fund is derived from enrolment.

Amounts presented in millions		
Type	Variance	Comments
		Undergraduate tuition is projecting a \$2.7 million negative variance.
For Credit - Undergraduate	(2.7)	Shortfalls against the budget were observed in international enrolment (\$11.2 million) primarily for the Faculty of Arts & Science, Smith Engineering, and Faculty of Health Sciences. The majority of the decline in expected international enrolment was in the Faculty of Arts & Science.

The PIF income to date in excess of the budgeted revenue is being reported on a separate line at the bottom of the summary table and is labeled as PIF Investment Income greater than Budget.

Other Revenue

Other revenue is projected to be \$2.0 million higher than budget. This is primarily driven by a projected increase in unrestricted donations (\$1.3 million

Faculties and Schools

Faculties and Schools are projecting an in-year deficit of \$56.4 million against a budgeted deficit of \$55.7 million.

As detailed in the table above, offsetting the \$8.2 million reduction in Faculty and Schools Allocations described in the previous section are expenditure reductions and unbudgeted revenues of \$7.5 million. Expenditure reductions are comprised of salary and benefit savings associated with deferral and delayed hiring of faculty and staff, deferral in renovation projects, as well as further reductions in expenses related to materials, scholarships, program delivery and in-residence costs in the Smith School of Business professional programs, partially offsetting the loss in for-credit revenue.

Shared Services

Shared service units are projecting an in-year surplus of \$4.8 million against a budgeted deficit of \$7.6 million. The main causes include:

- Reduced IT spending due to combination of project implementation delays, project costs incurred earlier than budgeted and paid last fiscal year, and Infrastructure renewal projects deferred to next fiscal year

- Salary and benefit savings from staff vacancies across various units, linked to the hiring freeze implemented in May 2023

- Lower than projected 2023-24 graduate award allocations due to lower than targeted Queen's Graduate Award funding-eligible enrolments across various doctoral and research-based masters programs

- Lower commitment bursaries. The commitment bursary program is still in its early years and budget was based on the first year of the program (2021-22) which had a high spend.

- Because of higher than expected inflation, inflation adja rengaryavarch

Ancillary Operations

See Appendix I for the Queen's University 2023-24 Ancillary Financial Report. The projected surplus for the Ancillary Operations is \$2.3 million compared with the budgeted surplus of \$2.5 million.

Residences revenue is lower than projected due to vacancy rates being higher than normal for September, no optional meal plan or dining hall door sales during the fall term due to decreased capacity resulting from the Leonard Dining Hall construction project and retail food sales continuing to be lower than pre-COVID. Projected expenses are higher than budget due to higher than anticipated cost per meal as well as additional labour for extended hours at Ban Righ during the renovation period. Unfavourable variances in revenues and expenses have been mitigated by decreasing the planned Deferred Maintenance Contribution, bringing the overall results in on budget.

Parking is projecting an additional \$0.5 million deficit in comparison to budget primarily due to slightly lower revenues.

7.0 FINANCIAL IMPLICATIONS

The primary purpose of the Financial Update is to report on expected financial results of the Operating Fund and ancillary operations. Maintaining a balanced operating budget is critical to Queen's financial health and its ability to meet objectives.

8.0 COMMUNICATIONS STRATEGY

This document is posted on the Queen's University website and is available to the public. See Financial Services - Publications for all reports.

9.0 INPUT FROM OTHER SOURCES

Office of Planning and Budgeting

ATTACHMENTS

APPENDIX I – Queen's University 2023-24 Ancillary Financial Report

