



Financial Update
Report to the Board of Trustees
December 4, 2015

The table below shows projected variances from the approved 2015 budget

	Approved Budget 2015-16	Projected Actuals 2015-16	Variance
REVENUE			
Student Fees	271.7		

	Approved Budget 2015-16	Projected Actuals 2015-16	Variance
Shared Services			
Principal's Office	\$ 1.4	\$ 1.4	\$ -
Secretariat	\$ 1.3	\$ 1.3	\$ -
Communications	\$ 1.8	\$ 1.8	\$ -
Vice-Principal (Research)	\$ 6.0	\$ 6.0	\$ -
Vice-Principal (Advancement)	\$ 13.1	\$ 13.1	\$ -
Vice-Principal (Finance & Admin)	\$ 7.1	\$ 7.1	\$ -
Provost & Vice-Principal (Academic)	\$ 3.8	\$ 3.8	\$ -
Student Affairs	\$ 8.9	\$ 9.0	\$ 0.1
Library(operations & acquisitions)	\$ 26.4	\$ 26.3	\$ (0.1)
Occupancy Costs(net of Shared Service Space Costs)	\$ 31.0	\$ 30.1	\$ (0.9)
Environmental Health & Safety	\$ 1.5	\$ 1.5	\$ -
ITS	\$ 16.1	\$ 16.1	\$ -
Human Resources	\$ 5.7	\$ 5.6	\$ (0.1)
Graduate Studies	\$ 1.8	\$ 1.8	\$ -
University Wide Benefits & Pension Benefit Guarantee Fund	\$ 8.2	\$ 8.5	\$ 0.3
Need Based & UG Merit Student Assistance	\$ 17.5	\$ 17.5	\$ -
Graduate Students Assistance	\$ 13.4	\$ 13.4	\$ -
University Wide	\$ 9.2	\$ 9.4	\$ 0.2
Faculty Bridge Programs (QNS, QRC, FRP)	\$ 0.6	\$ 0.6	\$ -
Total Shared Services	\$ 174.8	\$ 174.3	

* \$4.21M

The following table shows the Capital Allocations from the Operating Budget.

Queen's University 2015-16 Capital Budget Allocations from Operating		
	Budget 2015-16	Projection 2015-16
Grant Revenue		
MTCU Facilities Renewal Fund	\$ 1,085,500	\$ 1,641,200
MTCU Graduate Capital	\$ 1,700,000	\$ 1,700,000
Total Revenue	\$ 2,785,500	\$ 3,341,200
<u>Capital Projects Financing</u>		
School of Kinesiology & Queen's Centre	\$ 6,900,000	\$ 6,900,000
QUASR	\$ 3,000,000	\$ 3,000,000
BISC	\$ 250,000	\$ 250,000
Biosciences Complex	\$ 222,500	\$ 222,500
Chernoff Hall	\$ 900,000	\$ 900,000
Electrical Substation	\$ 900,000	\$ 900,000
CoGeneration Facility	\$ 1,064,000	\$ 1,064,000
Richardson Hall & University Ave	\$ -	\$ -
Tools for Research Administration at Queen's (TRAQ)	\$ 640,000	\$ 640,000
Boiler #8	\$ 166,526	\$ 166,526
<u>Deferred Maintenance</u>		
MTCU Facilities Renewal Fund	\$ 1,085,500	\$ 1,641,200
Total Expenses	\$ 15,128,526	\$ 15,684,226
Budget Surplus (Deficit)	\$ (12,343,026)	\$ (12,343,026)
Transfer from Operating Budget	\$ 12,343,026	\$ 12,343,026
Net Budget Surplus (Deficit)	\$ -	\$ -

The Ministry announced in October 2015 an additional investment in the Facilities Renewal Program for the post-

The projected operating budget for 2015-16 remains balanced through the drawdown of carry-forward reserves. The budget variances relative to the projection in the approved budget are explained below.



has been used in this projection. The returns include both realized and unrealized gains/losses and will fluctuate with market conditions before the end of the fiscal year. In fiscal 2014-15, the PIF experienced

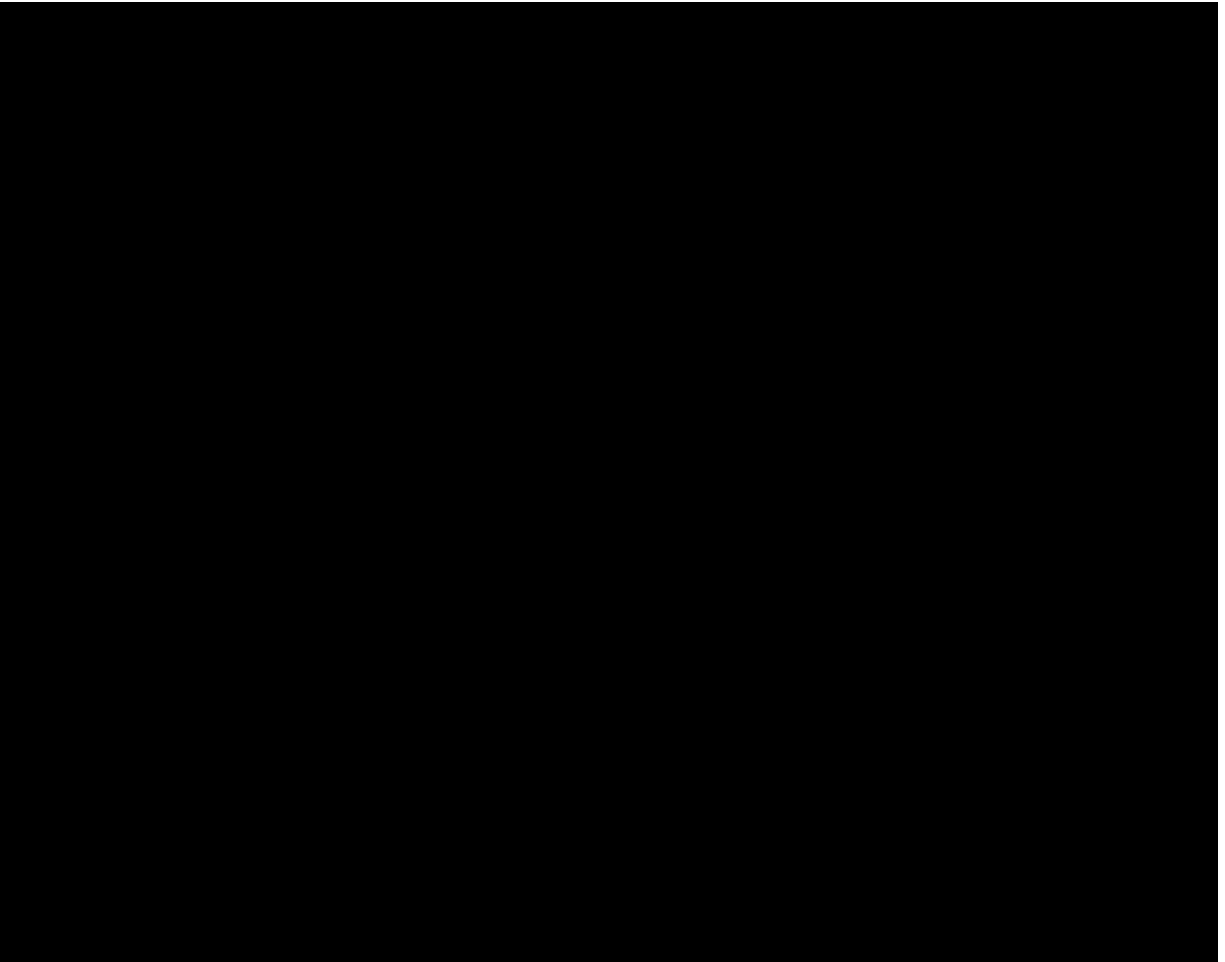


Overall the projected deficit for the Ancillary Operations and Consolidated Entities has increased to a \$4.125M loss compared with the budgeted deficit of approximately \$2.777M. The significant individual variances are outlined below.

Residence is now projecting a \$358K surplus which is a decrease of \$1.565M against the budgeted surplus of \$1.923M. The decrease in revenue occurred as a result of the restoration of common rooms that were previously fee-generating residence rooms. This restoration was still under review by the Senate Residence Committee when the budget was finalized. The budget also omitted costs for plate dining improvements (i.e. additional service offerings) and some related management fees which have created a variance in externally contracted services. Some savings are expected in salaries due to new job classifications as well as overhead expenses which are directly related to the decrease in revenue.

Community housing is projecting a deficit that is \$76K ahead of budget. The majority of this positive variance is accounted for by





Note: The Bader International Study Centre is a consolidated entity but under the New Budget model its academic operations are now

Currently, government regulations require the university to fund both going concern and solvency deficits. Effective September 1, 2015 these going concern payments are \$20.7 million annually. The



2010
 2011
 2012
 2013
 2014
 2015
 2016
 2017

Facilities Condition Audit Deferred Maintenance	
Campus buildings	165,900
Residences	57,700
	223,600

2010
 2011
 2012
 2013
 2014
 2015
 2016
 2017

2010
 2011
 2012
 2013
 2014
 2015
 2016
 2017

committed to an increase in this funding and as a result the Queen's University allocation has been \$1.1M (2014-15) to \$1.6M (2015-16) to \$1.7M (2016-17).

Queen's also received \$6.3M (2015-16) to \$2.1M (2016-17)

1%-1.5% (2010-11) to 1% (2015-16)

below shows Queen's projected deferred maintenance expenditures in 2015-16. \$14M (2015-16) to \$15M (2016-17)

2010
 2011
 2012
 2013
 2014
 2015
 2016
 2017

Funding Source:	Available funds May 1, 2015	Spend and Committed to Sep 30, 2015
Operating Budget / University Fund	6,310	5,453
MTCU: Facilities Renewal Program	1,641	1,641
Total:	7,951	7,094

* Annual Funding based on Ontario MTCU - System Share for 2015-16

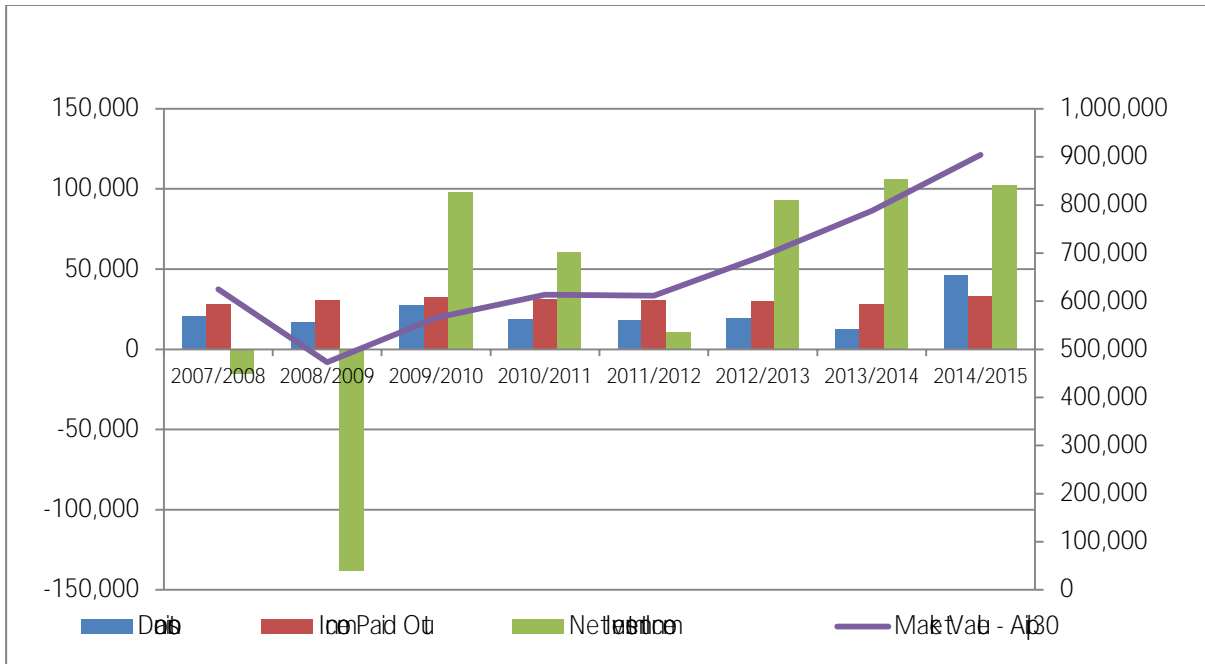
Market volatility can have a significant impact on investment holdings and financial planning. Although the university has largely recovered from the 2008 decline in the financial markets, its investment holdings remain susceptible to further volatility

The University has two investment portfolios, the Pooled Endowment Fund and the Pooled Investment Fund, which are now over \$1 billion.

The Pooled Endowment Fund ("PEF") is an investment pool composed of funds that have been designated for University Endowment accounts. Donations received by the University are invested in the PEF and each year certain amounts are withdrawn according to the spending policy. These annual withdrawals



As the gap between the Edgewood has narrowed since fiscal 2008-09. The rate of the PEF declined to the 2014-15 fiscal year at \$896 in. Since then the rate of the PEF has declined in the recent years. The rate as of September 30, 2015 was \$883 in.



The PEF contract also includes the Bad Debt provision based on a hybrid formula that is a percentage of the prior year's payout adjusted for inflation, and 30% on the most recent calendar year's ending rate. This is a significant effect on the rate of the PEF. In 2013-14, the rate of the PEF was \$896 in. In 2014-15, the rate of the PEF was \$883 in. In 2015-16, the rate of the PEF was \$883 in.

The 2015-16 PEF rate is \$29.8 in (\$26.7 in 2014-15), 6



In May 2015 the Board of Trustees approved a balanced budget for 2015-2016. At that time a multi-year budget was presented for the 2015-2016 to 2017-2018 time period.

The development of the 2016-2017 to 2018-2019 multi-year budget is well underway. The plan is to develop and implement a sustainable budget for 2016-2017 to 2018-2019 that provides units with appropriate incentives to increase revenues and