



# FINANCIAL REPORT TO THE BOARD OF GOVERNORS

# 2019-2020



**Carleton**  
UNIVERSITY

Canada's Capital University

# FINANCIAL REPORT TO THE BOARD OF GOVERNORS

# 2019-2020

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# MANAGEMENT DISCUSSION AND ANALYSIS

## HIGHLIGHTS OF THE YEAR

Carleton is a comprehensive university located in the nation's capital and serving over 31,000 students. The university delivers more than 65 degree programs in six faculties: Arts and Social Sciences, Engineering and Design, Public Affairs, Science, Business, and Graduate and Postdoctoral Affairs. It is supported by more than 2,280 faculty and staff, 830 contract instructors, and 1,870 graduate teaching assistants.

Following the arrival of the President and Vice-Chancellor in 2018, the university embarked on extensive consultations towards the development of a new Strategic Integrated Plan (SIP), which was developed from the following three aspirational themes:

- ***Share Knowledge. Shape the Future.***
- ***Serve Ottawa. Serve the World.***
- ***Strive for Wellness. Strive for Sustainability.***

The plan was approved by the Senate in May 2020, and the Board of Governors in June 2020, and will serve to guide the direction of the university for years to come.

A noteworthy initiative realized during the year was the creation of the Centre for Indigenous Initiatives (CII), which will support students, staff and faculty by providing culturally safe spaces for dialogue and learning. This was one of the many calls to action that came about from the wide consultation by the Carleton University Strategic Indigenous Initiatives Committee (CUSIIC), whose recommendations can be found in the Kinàmàgawin Final Report.

During 2019-2020, the university had to deal with significant financial pressures caused by external factors such as: a mandated 10% reduction in domestic tuition fees, frozen core grant funding, and flat enrolment growth. The financial impact of the corona virus (COVID-19) also affected financial results, mostly in ancillary services revenue and investment income.



**SHARE  
KNOWLEDGE.  
SHAPE THE  
FUTURE.**

**SERVE  
OTTAWA.  
SERVE THE  
WORLD.**

**STRIVE FOR  
WELLNESS.  
STRIVE FOR  
SUSTAINABILITY.**

Consolidated revenues were \$37.2 million lower than in 2018-2019, and expenses \$25.3 million higher, primarily due to increased salary expense.

Carleton quickly responded to the COVID-19 disruption by asking students to finish the winter term online and for non-critical employees to work from home. This meant real-time adjustments to course delivery and administrative processes, which the university was able to successfully manage.

While the financial impact of COVID-19 will mostly be felt in 2020-2021, ancillary services revenues were directly impacted in 2019-2020 in areas of housing and food services, physical recreation and athletics, and parking.

COVID-19 also had a major impact on financial markets and interest rates, which affected the valuation of the university's employee future benefit

obligation. For accounting purposes, the actuarially determined pension liability increased by \$102.2 million over the previous year, and the non-cash pension employee future benefit liability increased by \$23.9 million. Accounting rules do not allow for the deferral and amortization of actuarial gains and losses, which can lead to large swings in the liability or asset amount each year. On an actuarial funding basis, Carleton's special payments of \$61.7 million to the pension in 2019-2020, eliminated the need to make further special payments until June 2023.

As a result of the uncertainty surrounding the pandemic, the university has taken a cautious approach to managing its financial resources, with deferral of certain discretionary expenditures.

Despite the difficult financial context, Carleton was able to achieve positive financial results, with excess revenues over expenses of \$40.2 million.





## “RESEARCH FUNDING RECEIVED CONTINUES TO SET NEW RECORDS”

Research funding received continues to set new records, with \$89.4 million received in 2019-2020 compared to \$85.6 million in the previous year. Actual research expenditures of \$70.8 million for sponsored research in 2019-2020, supports Carleton's research in the areas of the humanities, science, and engineering.

During the year, \$56.4 million was invested in capital assets, which saw the completion of the Health Sciences Building, the Advanced Research and Innovation in Smart Environments (ARISE) facility and a Co-generation plant. Work is also well underway towards the construction of the \$65.1 million Sprott Business School - Nicol Building, and the \$17.3 million Engineering Design Centre. Due to COVID-19, construction of the new student residence was paused until we can have better visibility on future demand. The university also continues to address its deferred maintenance backlog, with \$27.3 million spent on renovating facilities, \$6.3 million more than the previous year.

Carleton has had a long-standing commitment to sustainable operations, including recycling, and energy efficient design that dates back to the early 1990s. It will continue to demonstrate that commitment through its comprehensive Sustainability Plan (2020-2025), which sets key themes, goals and strategic actions that will guide the university over the next five years.

During 2019-2020, Carleton worked with the Ministry of Colleges and Universities to finalize the latest provincial Strategic Mandate Agreement (SMA3), which will set government funding for the period 2020-2025. However, the disruption of COVID-19 has delayed implementation of that “performance-based” funding framework. Discussions with the ministry are underway for a revised implementation timeframe that will take into consideration the current disruption.

## OPERATING ENVIRONMENT

Full-time equivalent (FTE) students attending Carleton during 2019-2020 totaled 28,582, a slight increase from the previous year. However, new first-year students at 5,402 were 1.5% higher than 2018-2019. Graduate students saw the largest increase at 4.6%, while undergraduate student enrolment experienced a small decrease of 0.6%.

In 2019-2020, government grants were administered through the 2017-2020 Strategic Mandate Agreement with the Ministry of Colleges and Universities (MCU), using a corridor-funding model, which capped grants at the 2016-2017 level for undergraduate students and at the 2019-2020 level for graduate students.

Government funding at \$175.5 million, was essentially unchanged from 2018-2019, while tuition revenues were \$10.7 million lower. The existing provincial tuition fee framework required a 10% across the board tuition fee reduction for domestic students in 2019-2020, which accounted for most of the lower tuition revenues. For 2020-2021, tuition fees for domestic students will remain frozen at the 2019-2020 level.

For much of 2019-2020, Carleton worked with the MCU on the next Strategic Mandate Agreement (SMA3), which will cover a period of five years (2020-2025), and gradually introduce performance-based funding built on metrics that are meant to reflect priorities of the government in areas of skills development, job outcomes, and economic/community impacts. The goals and priorities, identified by the government for the post-

secondary sector, already occupy an important part of Carleton's priorities, such as improving graduation rates, skills development towards higher employability, and research.

SMA3 was intended to be signed in March 2020, and become effective in 2020-2021, including the "at risk" performance-based funding, starting at 25% of operating grants and going up to 60% by the last year of the agreement. Because of the pandemic disruption, the signing of SMA3 was paused, and discussions are underway to come up with a new timeframe.

Other regulatory changes affecting Carleton's operations in 2019-2020 included the following:

- Changes to the provincial Ancillary Fees Guideline, which introduced a compulsory/non-compulsory categorization for student fees. Carleton implemented an opting-out process in the fall of 2019, which was later reversed following a decision of the Ontario's Divisional Court.
- In December 2017, the government implemented new regulations concerning the funding of pensions in Ontario. The changes affect going-concern and solvency funding along with various administrative matters. For Carleton, the new regulations came into effect on July 1, 2019, the date of the university's required actuarial valuation. Following that valuation, the university made special payments of \$61.7 million during the year, which will preclude the need to make further special payments until June 2023.

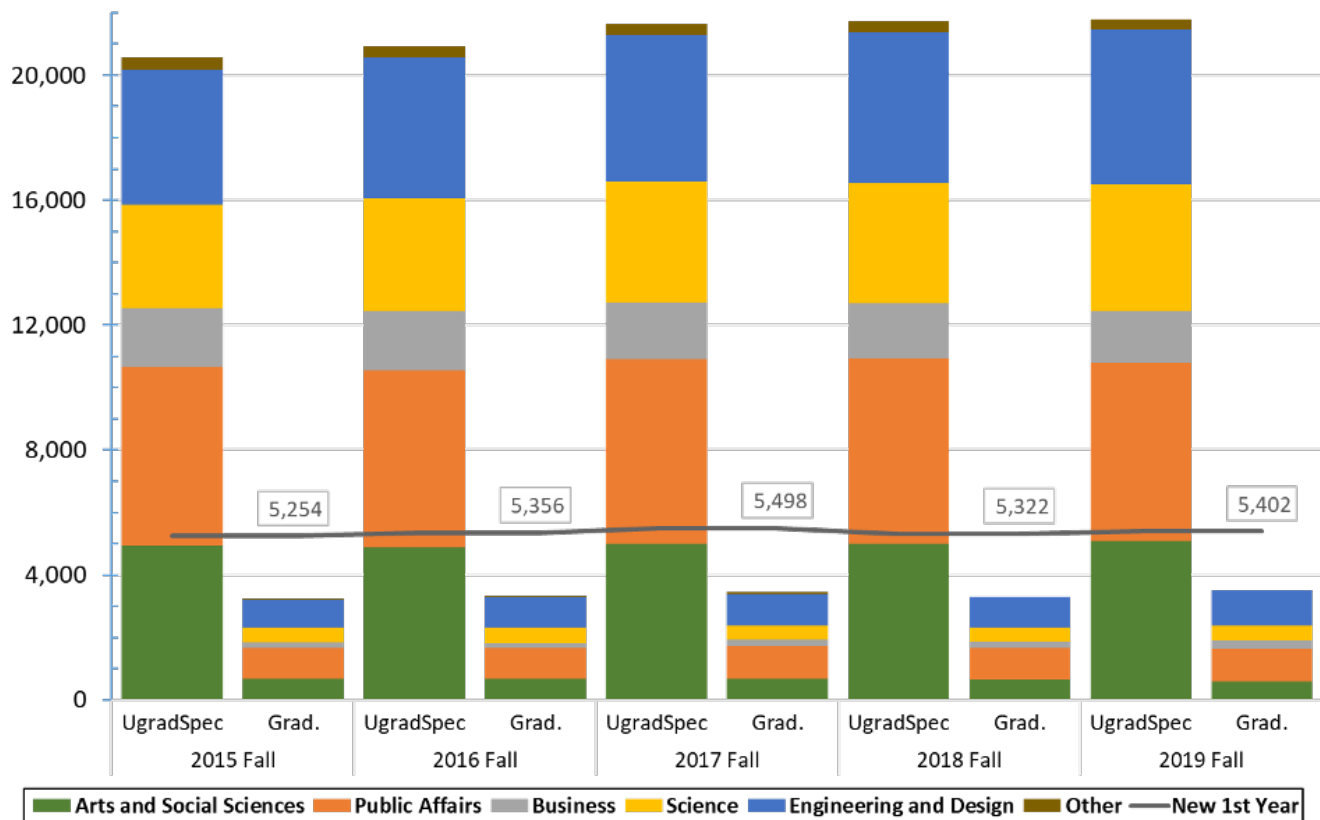


## COVID-19 HAS HAD AND WILL CONTINUE TO HAVE THE MOST PROFOUND IMPACTS ON THE OPERATIONS OF THE UNIVERSITY

- Other changes from government legislation that are impacting the university include the cancellation of the provincial Cap and Trade regulations and funding, the repeal of many provisions within the Fair Workplaces, Better Jobs Act (Bill 148), and the Centralized Procurement Initiative. The government of Ontario also introduced legislation to cap broader public sector wage increases to an average of one per cent annually for a three-year period, starting in 2019.

It remains that COVID-19 has had and will continue to have the most profound impacts on the operations of the university. Carleton has quickly adopted appropriate health and safety measures to protect students, staff, and visitors, and has seen a rapid shift to remote teaching and learning, research, and administrative work. Although the financial effects of COVID-19 have been minimal in 2019-2020, we expect significant financial pressures in 2020-2021. Management continues to work closely with its key stakeholders to ensure the safety of students, staff, and visitors, and the financial sustainability of the university.

### Carleton's Enrolment



Office of Institutional Research and Planning - Jul. 07, 2020

## USING THIS FINANCIAL REPORT

The annual Financial Report needs to be read in conjunction with the associated Audited Financial Statements.

The accumulated balances for the operating, ancillary and plant funds described in the Financial Report match those shown in the audited financial statements - Consolidated Statement of Changes in Net Assets. However, the financial information related to operating results is presented on a separate basis from the financial statements - Consolidated Statement of Operations. This complementary basis of reporting provides management with information needed to support operating decisions and assess financial performance against budgets approved by the Board of Governors. The significant differences between information provided in the Financial Report and the Consolidated Statement of Operations relates to the treatment of capital expenditures, internal appropriations, and contributions to the university's endowment funds.

For capital acquisitions, the university internally accounts for the expenditures on a cash basis, as this provides a better link between funding

sources and budgets. However, under generally accepted accounting principles, the audited financial statements include only the calculated amortization expense for capital assets, based on the expected life of the asset.

Appropriations represent commitments that are internally recognized as charges against the current operating results in the Financial Report, whereas they are excluded from the Consolidated Statement of Operations (income statement) and instead are shown as internally restricted assets in the Consolidated Statement of Financial Position (balance sheet). Internally restricted assets cover specific reserves for future commitments such as pension, capital projects, ongoing research initiatives, or carry-forward budget balances available for future purposes. This is seen as an effective institutional policy in the management of financial resources, as it allows managers to plan expenditures over a period that extends beyond the fiscal year.

Concerning endowment funds, internal matching contributions to any endowment (externally restricted or Board designated) are not included as expenditures in the Consolidated Statement of Operations, but as direct increases to endowed net assets offset by decreases to unrestricted net assets. For internal purposes, and as reported in the Financial Report, the university considers



these as expenditures. Similarly, income or losses on Board designated endowments are not included in the Financial Report's operating results, but are on the Consolidated Statement of Operations.

A reconciliation of the audited Consolidated Statement of Operations to the Financial Report internal operating results is shown below:

	2019-2020	2018-2019
Excess of revenue over expense (per audited statements)	\$ 40.2 M	102.7 M
Net change in investment in capital assets	\$ (25.3 M)	(31.5 M)
Decrease/(Increase) in internal appropriations	\$ 58.1 M	(59.4 M)
Internal contributions to endowment	\$ (4.7 M)	(3.8 M)
Employee future benefit payments in excess of calculated expense	\$ (68.9 M)	(7.9 M)
Other items*	\$ 0.1 M	(0.1 M)
Excess of expense over revenue per Financial Report	\$ (0.5 M)	nil
Accumulated surplus	\$ nil	0.5 M

\*Other items include the treatment of unrestricted endowment earnings/losses

Section 2.5 of the Financial Report provides further details on the differences between the audited Consolidated Statement of Operations and the Financial Report. In addition, Schedule 1

of the Financial Report provides specific financial analysis of operating income and expenses as compared to the 2019-2020 operating budget approved by the Board of Governors.



# AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audited financial statements combine all activities of the university (general operating, ancillary, research, capital, trust) into one statement, and should be read in conjunction with the Financial Report, which highlights key operating income and expenses as compared to the approved 2019-2020 Operating Budget.

As shown in the Consolidated Financial Statements, the university generated an excess of revenue over expenses of \$40.2 million in 2019-2020. This surplus reflects timing differences in the recognition of operating expenses as described previously.

The university's consolidated revenue of \$665.8 million decreased \$37.2 million (5.3%) from the previous year, while consolidated expenses increased \$25.3 million to \$625.6 million (4.2%).

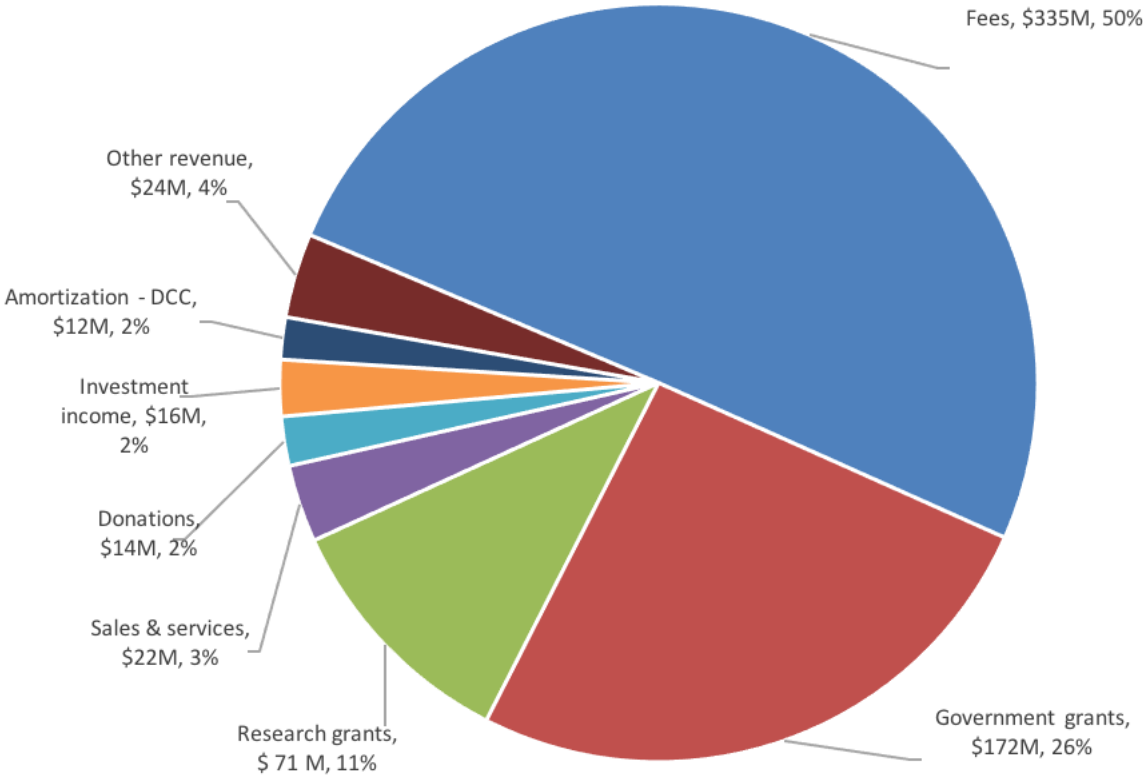
The main contributors to the lower revenue were government mandated domestic tuition fee decreases of 10%, along with decreased investment income. Higher expenses were mostly related to salaries and renovations.

Research grants and contracts recognized in the financial statements totaled \$70.8 million, increasing \$7.6 million (12.0%) over the previous year, while deferred research revenues climbed \$7.8 million to \$46.3 million, reflecting the success of Carleton's efforts to expand research activities.

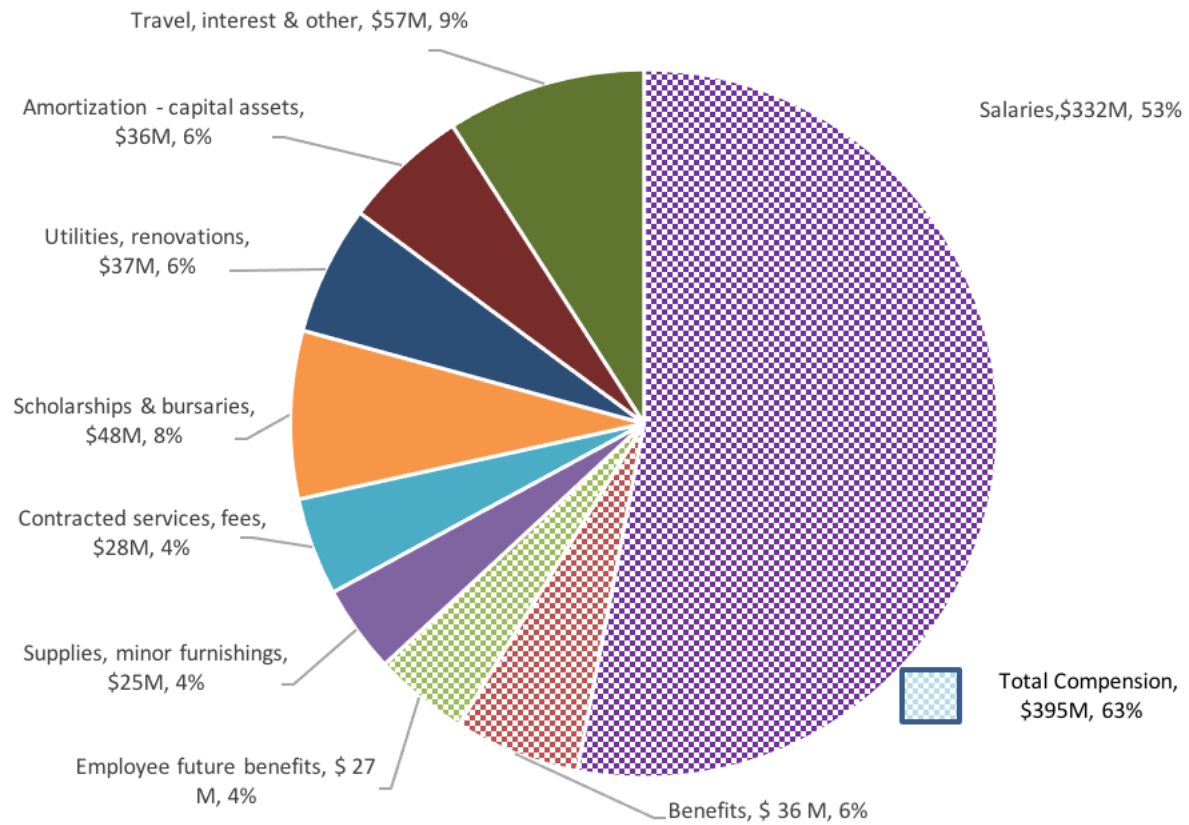
Salaries and benefits, at \$394.3 million, form the largest part of the university's consolidated expenditures, accounting for 63% of total expenses. This represents an increase of \$19.0 million (5.1%) over 2018-2019.

The following charts illustrate the sources of consolidated revenue and expenditures for 2019-2020.

2019-2020 Consolidated Revenue: \$666 million



## 2019-2020 Consolidated Expenses: \$626 million



The university's net assets decreased by \$156.0 million to \$947.0 million, or 14.1% less than the previous year. This decrease reflects the \$40.2 million excess of revenues over expenses, offset by the \$195.0 million negative valuation adjustment for employee future benefits. The negative effects of the global-wide pandemic on our benefit obligations were two-fold. Market values on the assets supporting the pension fund decreased by \$152 million during the year, and the discount rate used to value the liabilities decreased, which ultimately increases the calculation of the future benefit obligation.

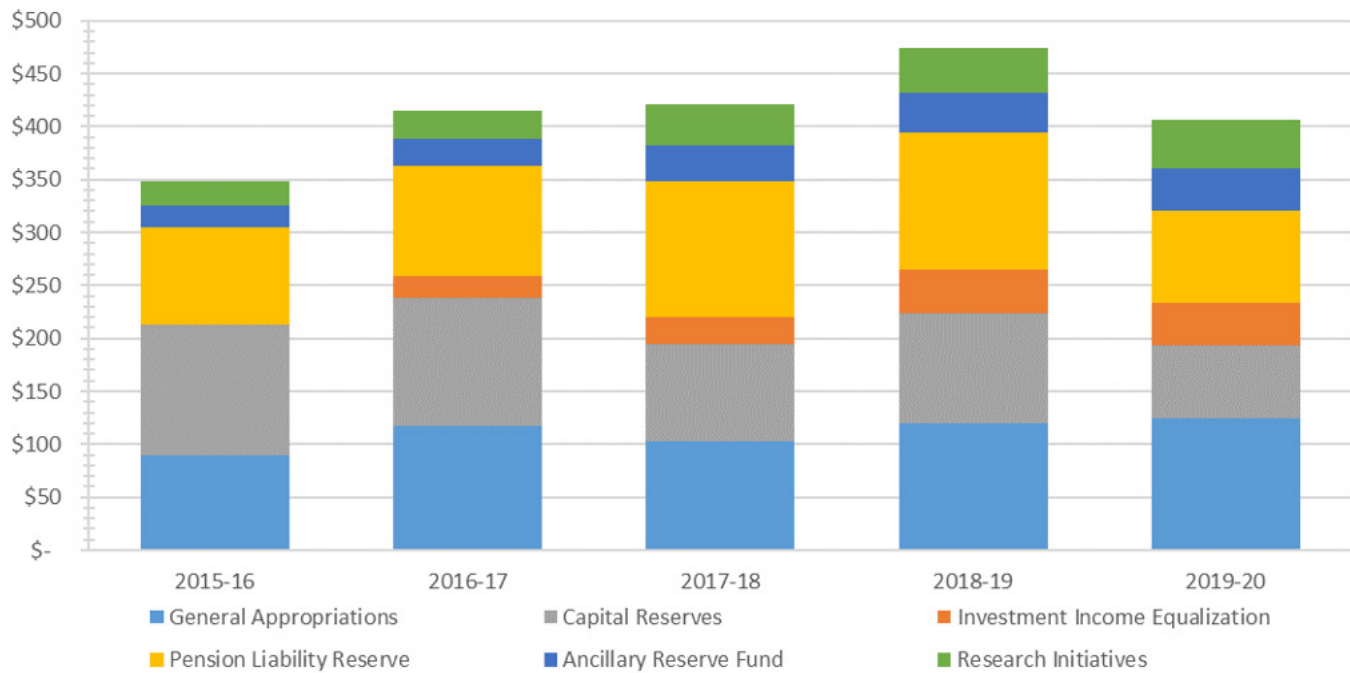
Additional investments in capital assets of \$56.4 million included major projects such as the Nicol Business Building, the Health Sciences Building, the Advanced Research and Innovation in Smart Environments (ARISE) facility, the Co-generation plant, and a multi-year building modernization program (deferred maintenance).

Endowed net assets reached \$298.6 million on April 30, 2020, after income distributions of \$11.7 million. The majority of endowment distributions were to support student initiatives including scholarships and bursaries.

Donation revenue recognized during the year amounted to \$14.1 million. In addition, deferred donor contributions to endowment funds totalled \$8.3 million. Contributions from donors form a vital part of the university's annual operations and help finance student activities and financial aid.

Internal reserves are shown in the Consolidated Statement of Financial Position as internally restricted assets. The chart below shows the change in these reserves over the last five years, with the largest change being associated with pension reserve related to the accumulation of funds to address funding deficits.

## Internally Restricted Assets



More details on the balances within the Consolidated Statement of Financial Position can be found in section 3 of the Financial Report.

The ministry and the university recognize that financial sustainability is critical to ensure a healthy post-secondary education system.

To that end, certain system-wide financial metrics have been developed and are being tracked as part of the government SMA framework. These financial metrics, shown below, demonstrate that Carleton is in good financial health, and well positioned to address strategic opportunities and external funding disruption.

### System-Wide Financial Metrics\*

	2017-2018	2018-2019	2018-2019 (Sector Average)
Net Income/Loss Ratio (Profitability Indicator)	13.6%	14.6%	5.9%
Primary Reserve Ratio (days) (Ability to operate using unrestricted reserves)	293	313	125
Viability Ratio (Ability to cover long-term debt using unrestricted assets)	6.8	8.1	1.3
Interest Rate Burden Ratio (Proportion of total expenses to cover Interest payments)	0.7%	0.6%	2.0%

\* Source: Council of Ontario Financial Officers (COFO), June 2020

## CAPITAL INVESTMENTS AND FACILITY RENEWAL

Carleton's campus, located at the juncture of the historic Rideau Canal and Rideau River, lies on unceded Algonquin territory. As described in our new Strategic Integrated Plan, it is a meeting place built by human ingenuity, created as an urban link, and built on an historic waterway. As caretaker of this space, we have a responsibility to maintain the facilities in a sustainable manner for the benefits of current and future stakeholders.

To that end, Carleton continues to invest in renewing the campus infrastructure and fund new projects to meet the growing needs of its community. During 2019-2020, the university spent \$27.3 million on various renovation and infrastructure projects, including projects related to the implementation of Carleton's Transportation Plan. This plan includes various initiatives to facilitate traffic flow on campus, including construction of additional access points, such as the new Stadium Way, new Colonel By entrance, Bronson intersection modifications, O-Train tunnel connection, and many more.

Major capital projects completed this year represent investments of \$120.0 million, and cover: the Health Sciences Building (\$61.0 million), Advanced Research and Innovations in Smart Environments (ARISE) Building (\$38.3 million), and the Co-Generation facility (\$20.7 million). Other projects underway include the Sprott School of Business Nicol Building (\$65.1 million), and the Engineering Design Centre (\$17.3 million). Construction of the new student residence expected to begin in the spring of 2020, has been put on pause until there is more visibility on future enrolment demand.

During the year, the university completed the renewal of its Sustainability Plan (2020-2025) - *Purposeful Impact* - which strives to maintain environmental and sustainable progress and enhance the performance of our teaching, research and operations. Carleton developed its first Sustainability Plan in 2013. Since the launch of that first plan, Carleton has made progress through a number of key programs including; the creation of a university-wide Energy Master Plan, which has delivered significant carbon emission reductions.



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Michel Piché, CPA, MPA, CIA, C.Dir  
Vice-President (Finance and Administration)

September 2020

Various other initiatives have resulted in achieving silver rating for AASHE Sustainability Tracking and Assessment Rating System (STARS) program, becoming a certified Fair Trade campus, and Carleton being ranked second in Canada and 35rd globally among universities in the UI Green Metric international ranking system.

## CONCLUSION


In 2019-2020, the university was able to meet its financial targets despite considerable external financial pressures, amplified by the COVID-19 disruption. In addition, Carleton was able to reduce its pension liability to avoid having to make special payments for the period 2020-2023.

The regulatory framework for post-secondary institutions in Ontario continues to evolve and will require universities to become more data centric and outcome focused when making decisions. The move of government grant funding to performance based outcomes will accelerate that transition as a significant portion of the government funding grant will become "at risk" under SMA3, up to 60% in the fifth year.

The changing Ontario post-secondary regulatory framework will be an important backdrop to the implementation of Carleton's new Strategic Integrated Plan. It is fortunate that improvement in many of the desired metrics, such as student graduation rates and employability, are common goals for the university and the government.

In the medium term, the university will be consumed with managing the impacts of the COVID-19 pandemic, and ensuring the health and safety of students, faculty, staff, and visitors. We expect that 2020-2021 will be a challenging year both academically and financially, and are confident that the resilience of the Carleton community will make the university stronger in the long-term.

Overall, the university remains well positioned to take advantage of opportunities and address incoming challenges. Carleton's financial strength will be key in addressing current and future capital commitments, pension liability, changes to tuition and grant funding, and other unforeseen contingencies.



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Tim Sullivan, BA, CPA, CGA  
Assistant Vice-President (Financial Services)

September 2020

## BY THE NUMBERS 2019-2020

**\$456,496,000**

Available expendable resources vs. \$514,719,000 last year

**\$56,421,000**

Capital spending  
vs. \$74,769,000  
last year

**\$665,776,000**

Total revenue vs. \$703,002,000 last year

**\$40,179,000**

Excess of revenues  
over expenses vs.  
\$102,742,000 last year

**\$10,448**

Endowment per  
FTE students vs  
\$10,355 last year

**\$625,597,000**

Total expenses vs. \$600,260,000 last year

**\$23,294**

Revenue per FTE  
students vs \$24,643  
last year

**\$(163,274,000)**

Non-pension employee future benefit unfunded  
obligation vs. \$(139,406,000) last year

**\$(73,449,000)**

Pension employee future benefit unfunded  
obligation vs. \$28,759,000 surplus last year

**\$947,026,000**

Total net assets vs. \$1,103,018,000 last year

**28,582**

Enrolment (full-time equivalent  
(FTE)) vs 28,527 last year

# 1. CONSOLIDATED FINANCIAL REVIEW

## 1.1 GENERAL OPERATING FUND

The net 2019-2020 results for the Operating Fund (section 2.2.3), showed a surplus of \$15.9 million from the break-even opening budget. The operating surplus came from slightly higher tuition revenue and miscellaneous income along with lower expenditures in areas of enrolment incentives, salaries and benefits, and utilities. This surplus along with a previous year's accumulated surplus of \$0.5 million was appropriated into a strategic contingency fund to address the expected financial impact of the COVID-19 pandemic.

Schedule 1 provides a comparison of the General Operating Fund actual results to the opening budget. A comparison of actual results to the January 2020 projections are presented in Schedule 1A.

As previously indicated, the basis of reporting for the university's Operating Fund is different from the audited Consolidated Statement of Operations. One of the areas of difference includes the treatment of internal appropriations, which are recognized as charges against the current operating results. Section 2.2.2 provides details of the change in appropriated balance from 2018-2019, which amounted to a reduction of \$64.9 million. Schedules 1 and 1A report this change as an adjustment to total operating expenditures. The major item affecting the reduction in appropriations for 2019-2020 relates to special payments made to the university's pension fund during the year.

Total operating income exceeded budget by \$10.8 million. The favourable variance to budget came about from additional government grants (\$3.1M), student fees (\$2.6M), and miscellaneous and departmental income (\$5.9M), offset by lower investment returns (\$0.8M). Miscellaneous income includes \$3.1 million for an insurance recovery claim relating to a previous year's fire. Of the additional operating income received, \$6.1 million was specifically designated to be spent on student aid, access for the disabled, Indigenous education and training, and the fire recovery noted above.



Section 2.2.3 provides further details on the operating income budget variances

Operating expenses were higher than budget by \$11.3 million, including the \$6.1 million in directed expenditures noted above. Areas of favourable spending include enrolment incentives, salaries and benefits, and utilities. Section 2.2.1 provides further details.

<b>Additional contingency savings</b>	<b>\$ ( 7.4) million</b>
<b>Underspent balances not appropriated</b>	<b>\$ ( 3.8) million</b>
<b>Directed expenditures</b>	<b>\$ 6.1 million</b>
<b>New appropriations</b>	<b><u>\$ 16.4 million</u></b>
<b>Expenditures in excess of budget</b>	<b>\$ 11.3 million</b>

New appropriations of \$16.4 million were recognized at year-end towards a strategic reserve for pandemic planning, and included \$0.5 million of previous year's accumulated surplus. New appropriations are included as charges against the current year's operations and therefore reduce the net operating results.

## 1.2 ANCILLARY OPERATIONS

Ancillaries are expected to generate sufficient revenue from user fees and external sources to cover the cost of providing services to the university community. Ancillaries are also expected to generate sufficient annual operating surpluses to be held in reserve for future capital expenditures, service expansion, and addressing any deferred maintenance requirements.

In 2019-2020, total ancillary revenues amounted to \$64.4 million, as compared to budget of \$69.0 million. The revenue shortfall can be attributed to lost revenue associated with the COVID-19 pandemic. As the majority of ancillary services are offered in person, physical distancing requirements had a significant impact on the university's ability to offer these services and associated revenues were impacted accordingly. Housing & Residence Life and Dining Services accounted for the majority of the shortfall in 2019-2020 as students who moved out of their assigned rooms in March 2020 were provided pro-rated refunds of both residence fees and their remaining meal plan values. Physical Recreation and Athletics also earned less revenue than budgeted due to facility closures effective March 2020, which resulted in the loss of athletics' program and membership fee revenue, rental income, and general sales. Parking Services earned less revenue than budgeted due to student permit refunds issued as a result of the campus closure, suspension of staff parking permit charges by mid-April.

Expenditures for 2019-2020 totalled \$62.6 million, as compared to budget of \$68.7 million. The majority of the savings can be attributed to renovations and capital projects being \$4.0 million less than budget. Many of these planned capital projects, including the University Centre roof replacement and parking structure maintenance, were deferred. The remainder of the savings as compared to budget can be attributed to lower operating costs associated with the COVID-19 pandemic, most notably a reduction in part-time salary costs.

The total combined surplus for all ancillaries totalled \$1.8 million for 2019-2020, resulting in a total accumulated surplus of \$40.8 million as at April 30, 2020. The accumulated surplus will be drawn down significantly in 2020-2021 due to the anticipated financial shortfalls for the majority of ancillary units as a result of the COVID-19 pandemic.

Additional information for ancillary operations is provided in section 2.3 and a summary of financial results is presented on Schedule 2 at the end of this report.

## 1.3 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Cash and cash equivalents and marketable securities decreased by \$56.1 million in 2019-2020, which is due to the decrease in internally restricted net assets of \$58.1 million, and small increase in accounts payable of \$4.7 million.

The decrease of \$56.1 million in internally restricted assets (or appropriations) is due to a \$59.7M draw on the pension reserve to cover the funding requirements of the July 1, 2019 actuarial valuation. There was also a draw of \$18.5 million on the capital reserve to fund ongoing building projects, namely the Nicol Building. Increases to internally restricted assets included the 2019-2020 fiscal year appropriation of the \$16.4 million surplus, which has been earmarked for financial expenses relating to the COVID-19 disruption.

Investments in capital assets made during the year totaled \$56.4 million. These investments related to building and building improvements, the new Nicol building, the Health Sciences and ARISE facilities the Co-generation plant and various energy conservation projects.

## 2. INTERNAL STATEMENT OF OPERATIONS

The Consolidated Statement of Operations presented in the audited financial statements records income and expenses in accordance with Canadian accounting standards for not-for-profit organizations, as defined by the Chartered Professional Accountants (CPA) of Canada. Beginning with the 1997-1998 fiscal year, these statements combined all the activities of the university (previously segregated into “funds”) into one statement.

As management requires specific financial information for budgeting and monitoring purposes, operating income and expenses are accounted for differently for internal uses, as shown in Schedules 1 and 1A on this report.

These internal management statements provides a comparison of actual results to the 2019-2020 operating budget, as approved by the Board of Governors. A reconciliation of internal management statements to the audited financial statements is provided in section 2.5.

Sections 2.1 and 2.2 below provide a review of Schedule 1 operating income and expense variances as compared to the approved 2019-2020 operating budget. A similar review is provided in sections 2.3 and 2.4 for ancillary services, plant, and research activities.



## 2.1 OPERATING INCOME

Operating income totaled \$502,782,000 in 2019-2020, compared to the opening budget of \$491,947,000 and previous year income of \$529,254,000. Total operating income was therefore \$10,835,000 (2.2%) above budget but \$26,472,000 (5.0%) below the previous year. If we excluded additional income restricted to specific expenditures such as student aid, accessibility, and indigenous education and training, operating income was slightly above budget by \$2.4 million.

	<i>2019-2020 Actual \$000</i>	<i>2019-2020 Budget \$000</i>	<i>Variance from Budget \$000</i>	<i>2018-2019 Actual \$000</i>
Revenues	502,782	491,947	10,835	529,254
Items offset by expenditures (section 2.2.1)	6,070	-	6,070	4,293
Net Revenues	496,712	491,947	4,765	524,961

Each category of income is reviewed in more details below, with a summary provided in Schedule 1.

### 2.1.1 GOVERNMENT OPERATING GRANTS

Government operating grants of \$175,505,000 were \$3,113,000 (1.8%) better than budget, but \$1,317,000 (0.7%) less than the previous year. A comparison to the budget is provided below:

	<i>2019-2020 Actual \$000</i>	<i>2019-2020 Budget \$000</i>	<i>Incr/(Decr) from Budget \$000</i>	<i>2018-2019 Actual \$000</i>
<u>Items Affecting the Operating Result</u>				
Core Operating Grant	151,517	153,816	(2,299)	153,816
International Student Recovery	(2,894)	(2,696)	(198)	(2,779)
Accessibility/Performance Funding	14,364	13,172	1,192	14,071
Research Overheads	5,390	4,643	747	5,269
Other government grants	2,401	2,035	366	1,993
Subtotal	170,778	170,970	(192)	172,370
<u>Items offset by expenses</u>				
Student Aid & Support Funds	2,927	-	2,927	2,615
Access for the Disabled	1,197	945	252	1,173
Indigenous Education and Training	295	(26)	321	358
Other Government Grants	308	503	(195)	306
Subtotal	4,727	1,422	3,305	4,452
Total Government Grants	175,505	172,392	3,113	176,822

Omitting special purpose grants, the operating revenue from the Ministry of Colleges and Universities was \$192,000 below budget. In 2020-2021, the university will see more of its grant funding tied to the performance envelope. The decrease noted above in the unrestricted core grant relates to this shift, as the ministry fiscal year begins in April. The corresponding increase in performance grant received in April was deferred as it relates to the 2020-2021 fiscal year.

As explained in section 2.2.1 below, a portion of the increase in grant revenue that is attributable to enrolment growth is shared with the faculties via the Enrolment-Linked Budget Allocation (ELBA).

## 2.1.2 TUITION FEES – CREDIT PROGRAMS

Tuition income totaled \$293,761,000 in 2019-2020. This represents a decrease of \$10,731,000 (3.5%) from the previous year, but \$2,661,000 (0.9%) more than budget. Details of the decrease from the previous year are as follows:

	<i>Budget</i>	<i>Tuition Income (\$'000)</i>		<i>Increase/Decrease</i>	
	<i>2019-2020</i>	<i>2019-2020</i>	<i>2018-2019</i>	<i>\$'000</i>	<i>%</i>
Undergraduate - Domestic	164,040	160,938	179,401	(18,463)	-10.3%
Undergraduate - International	92,065	94,447	88,507	5,940	6.7%
	256,105	255,385	267,908	(12,523)	-4.7%
Graduate - Domestic	21,395	20,890	23,104	(2,214)	-9.6%
Graduate - International	13,600	17,486	13,480	4,006	29.7%
	34,995	38,376	36,584	1,792	4.9%
<b>Total</b>	<b>291,100</b>	<b>293,761</b>	<b>304,492</b>	<b>(10,731)</b>	<b>-3.5%</b>

Tuition fees vary based on the discipline of study, as well as the residency status of the student. The 0.2% increase in enrolment from the previous year is detailed below:

	<i>Enrolment (F.T.E.)</i>		<i>Increase/Decrease</i>	
	<i>2019-2020</i>	<i>2018-2019</i>	<i>#</i>	<i>%</i>
Undergraduate - Domestic	20,801	20,972	(171)	-0.8%
Undergraduate - International	3,169	3,147	22	0.7%
	23,970	24,119	(149)	-0.6%
Graduate - Domestic	3,630	3,600	30	0.8%
Graduate - International	982	808	174	21.5%
	4,612	4,408	204	4.6%
<b>Total</b>	<b>28,582</b>	<b>28,527</b>	<b>55</b>	<b>0.2%</b>



The decrease in overall tuition revenue is due to the ministry's new tuition framework, which mandated an across the board domestic tuition fee reduction of 10% in 2019-2020. The impact of the lower domestic fees was \$20.7 million, \$0.7 million more than our initial estimate of \$20.0 million. Fortunately, strong international enrolment growth resulted in that tuition revenue exceeding expectations by \$9.9 million, helping to offset the domestic shortfall.

### 2.1.3 MISCELLANEOUS INCOME

Miscellaneous income totalled \$16,534,000 in 2019-2020, which exceeded budget by \$5,453,000, and was \$2,941,000 more than the previous year. Miscellaneous income consists of non-tuition related administrative fees and charges, recoveries from ancillary services and parties external to the university, and certain non-credit operations. Details are as follows:

	<i>2019-2020 Actual \$000</i>	<i>2019-2020 Budget \$000</i>	<i>Incr/(Decr) from Budget \$000</i>	<i>2018-2019 Actual \$000</i>
<u>Items affecting the operating result</u>				
Application and admission fees	3,172	2,605	567	2,945
Deferred payment and processing fees	2,436	2,503	(67)	2,597
Omnibus fee	1,161	1,125	36	1,131
Overhead charges	4,081	3,077	1,004	3,848
Facility rentals	1,146	776	370	801
Claim Settlement	-	-	-	678
Career Placement Services	293	285	8	285
Commission income	298	200	98	285
Library and other fines	2	10	(8)	20
Other miscellaneous	788	500	288	900
Subtotal	13,377	11,081	2,296	13,490
<u>Items offset by additional expenditures</u>				
Insurance proceeds	3,057	-	3,057	49
Other	100	-	100	54
Subtotal	3,157	-	3,157	103
Total Miscellaneous Income	16,534	11,081	5,453	13,593

\*Insurance proceeds relate to the losses incurred from the Steacie building fire in March of 2019.

### 2.1.4 INVESTMENT INCOME

Investment income amounted to \$7,410,000 in 2019-2020, below budget by \$840,000 and \$16,179,000 less than the previous year. The unfavourable investment returns relate to the negative impact of COVID-19 on the equity markets in the last quarter of the year. Realized investment returns totaled \$20.0 million and unrealized losses at the end of the fiscal year amounted to \$13.0 million.

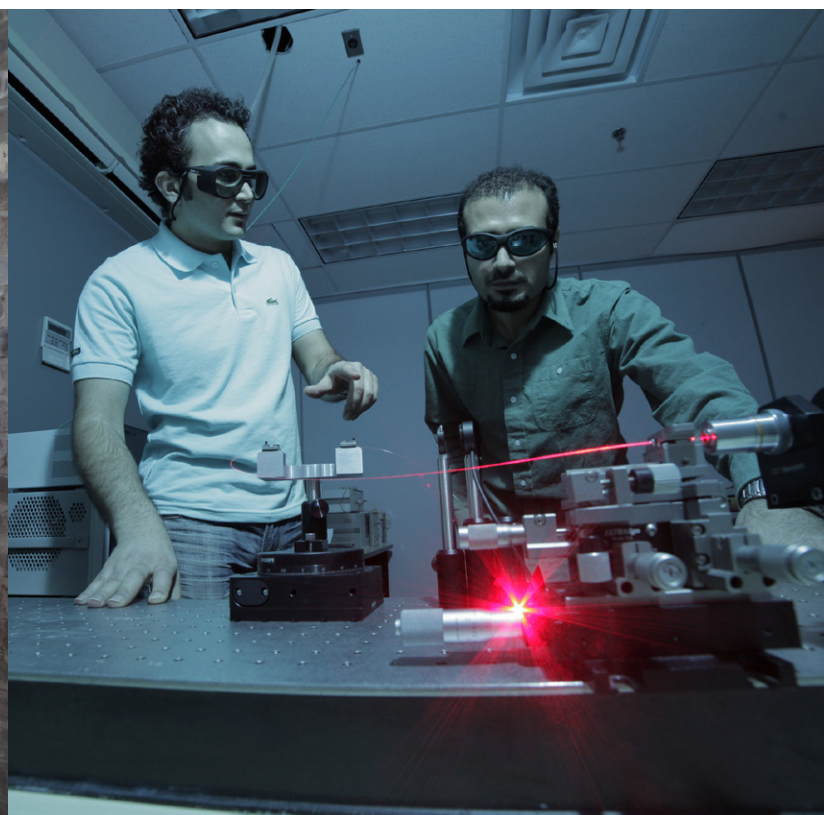
To mitigate the risks associated with market returns fluctuation, the Finance Committee approved in 2017-2018 the creation of an Investment Income Equalization Fund. Investment returns in excess or below budgeted investment income are appropriated to/from this fund. As such, \$840,000 was added to the Operating Fund from the reserve in 2019-2020, leaving a balance at April 30, 2020, of \$39,852,000.

## 2.1.5 DEPARTMENTAL INCOME

Departmental income relates to sales and rentals that are under the responsibility of departmental managers. Generally, any shortfalls in income as compared to budget must be matched by a corresponding decrease in expenditures in the department concerned, while any income in excess of budget is available for additional expenditure. Variations in departmental income should not therefore generally affect the overall operating results of the university.

The following items are included in departmental income:

	2019-2020 <i>Actual</i> \$000	2019-2020 <i>Budget</i> \$000	<i>Incr/(Decr)</i> <i>from Budget</i> \$000	2018-2019 <i>Actual</i> \$000
<u>Items offset by additional expenditures</u>				
Co-op and Career Services	2,742	2,660	82	2,415
Teaching and Learning Services	1,249	1,266	(17)	1,495
Information Technology Services (ITS)	305	337	(32)	306
Centre for Initiatives in Education	870	864	6	1,049
Salary recoveries	1,164	1,071	93	582
Student Experience Office	676	680	(4)	667
Alumni and external contributions	732	651	81	2,696
General sales	754	734	20	457
Facilities	572	630	(58)	120
Other	508	231	277	971
Total Department Income	9,572	9,124	448	10,758



## 2.2 OPERATING EXPENDITURES, TRANSFERS, AND APPROPRIATIONS

The Operating Fund expenditures and transfers, before appropriations, totalled \$568,235,000 in 2019-2020, and were \$76,288,000 (15.5%) above the opening budget, and \$89,161,000 (18.6%) more than the previous year. When including 2019-2020 return of appropriations of \$64,955,000, expenditures were \$11,333,000 more than the budget.

A breakdown of the expense variances to budget are shown below.

### 2.2.1 OPERATING EXPENDITURES AND TRANSFERS

Expenses and Transfers above the original budget are calculated as follows:

	<u>\$000</u>
Actual operating expenditures and transfers	568,235
Opening budget	<u>491,947</u>
Expenditures above budget	<u>76,288</u>

The items making up the \$76,288,000 increase in expenditures and transfers were:

	<u>\$000</u>	<u>\$000</u>
a) Salary Increases		
Current year cost	8,829	
Less: Contingency in opening budget	<u>10,208</u>	
Additional cost/(savings)		(1,379)
b) Mid-Year Allocations		
Total allocations	1,944	
Less: Opening contingency	<u>2,963</u>	
Additional cost/(savings)		(1,019)
c) Enrolment Incentive		
Current year cost	10,424	
Less: Opening contingency	<u>15,384</u>	
Additional cost/(savings)		(4,960)
d) Other Contingencies		
Current year cost	10,238	
Less: Opening contingency	<u>10,238</u>	
Net		-
Total additional contingency costs/(savings)		<u>(7,358)</u>

	<u>\$000</u>	<u>\$000</u>
Overspent (unspent) balances not appropriated:		
e) Utilities	(2,776)	
f) Benefits	(1,861)	
g) Interfund transfers	1,083	
h) Other minor balances	(198)	
Subtotal		(3,752)
Expenditures funded by additional income:		
Government grant (section 2.1.1)	3,305	
Tuition income (section 2.1.2)	-	
Miscellaneous fees & income (section 2.1.3)	3,157	
Investment income (section 2.1.4)	(840)	
Departmental income (section 2.1.5)	448	
		6,070
Expenditures funded by returned appropriations	220,134	
Total appropriations in 2019-2020	155,179	
Net appropriations (section 2.2.2)	64,955	
Add: New appropriations (section 2.2.2)	16,373	
		81,328
Total expenditures and transfers above budget		76,288

Notes:

- a) Salary Increases: The cost of salary and benefit increases for 2019-2020 was \$1,379,000 less than budget.
- b) Mid-Year Allocations: Allocations from the mid-year contingency fund totalled \$1,944,000 in 2019-2020 as compared to the budget of \$2,963,000. The allocations include:

Allocations from the Mid-Year Contingency Fund:

	<u>\$000</u>
Co-op work term assistance	400
International agent fees	326
Dunton Tower sign	320
Sprott School of Business, operations & international strategy	315
Animal care	184
Library renovations	125
Wellness Centre design	100
IMS internal charge replacement	65
Academic management, supplemental funding	44
Other	65
Total allocations	1,944
Opening contingency	2,963
Savings	1,019

The Provost's Budget Working Group, chaired by the Provost, manages the Mid-Year Contingency Fund.

c) Enrolment Incentive Plan: The Enrolment-Linked Budget Allocation (ELBA) was initiated in 2010-2011 whereby Faculties receive 40% of the net revenue from enrolment growth in their area. As enrolment was less than planned in 2019-2020, \$4,960,000 of the total \$15,384,000 set aside for this purpose was not required.

d) Other Contingencies: The allocations of \$10,238,000 for 2019-2020 include the following:

	<u>\$000</u>
Pension deficit	7,000
Capital projects	2,113
Pending positions and allocations	<u>1,125</u>
Total	<u>10,238</u>

e) Utilities: The university benefited from hydro rebates relating to its student residences along with conservative budgeting and savings from multi-year energy conservation projects.

f) Staff benefits: The staff benefit budget was underspent by \$1,861,000 (1.5%). This was due to a substantial WSIB rebate, as well as lower than expected rates in both WSIB and long-term disability. Savings were also achieved in tuition-related benefits for staff due to the ministry mandated decrease in tuition rates.

g) Interfund transfers: Additional costs in excess of budget were incurred due to the funding of accrued leave.

## 2.2.2 APPROPRIATIONS

Appropriations represent commitments that are recognized as charges against the operating results in the current year, although the expenditure has not yet taken place. The commitment can either be to an outside supplier (i.e. an outstanding encumbrance may exist based on a purchase order which has not yet been fulfilled), or an internal commitment to a departmental manager that budgetary balances available in the current year can be used for specific projects in the future. Generally, unspent budgetary balances are carried forward into the next year. This is seen as an effective institutional policy as it allows managers to plan expenditures over a period that extends beyond the fiscal year, and deters any potentially wasteful spending towards the year-end that may arise if budgetary funds were no longer available.

The net decrease in appropriations for the year is as follows:

	<u>\$000</u>
Appropriated to fund balance 2019-2020	155,179
Returned from 2018-2019 fund balance	<u>220,134</u>
Decrease in appropriated fund balance	<u>(64,955)</u>

Details of the returned and new appropriations are as follows:

	<i>Returned</i> <i>\$000</i>	<i>Appropriated</i> <i>\$000</i>	<i>Difference</i> <i>\$000</i>
RPC			
Faculties	76,993	62,814	(14,179)
Academic Administration	1,591	2,067	476
Students and Enrolment	3,560	4,460	900
Library	1,409	1,084	(325)
President	1,369	2,679	1,310
Research and International	4,546	4,860	314
Finance and Administration	8,972	9,831	859
Computing infrastructure	2,655	4,047	1,392
Renovations	18,950	28,034	9,084
Advancement	15,596	10,178	(5,418)
Student Support	3,498	2,031	(1,467)
Pending commitments	229	5,107	4,878
Self-insurance fund	39	-	(39)
Capital reserves	20,158	1,614	(18,544)
Pension reserves	59,729	-	(59,729)
Investment income equalization reserve	840	-	(840)
Subtotal	220,134	138,806	(81,328)
New allocations	-	16,373	16,373
Total	220,134	155,179	(64,955)

New allocations represent appropriations of unspent funds over and above those included in the original budget. For 2019-2020, new allocations total \$16,373,000 as detailed below:

	<i>\$000</i>
Strategic reserve for pandemic planning	16,373
	16,373

In addition, \$199,249,000 of prior year appropriated funds were not returned during 2019-2020, as the planned expenditures will occur in future fiscal years.

	<i>\$000</i>
Capital reserves	84,159
Pension liability reserve	69,212
Investment income equalization fund	39,852
Strategic Initiatives fund	3,158
Endowed chair matching funds	1,800
Future project commitments	881
Self-insurance fund	187
Total appropriations not returned	199,249

Current commitments against the capital reserve include \$23 million for the Nicol business building, and \$8.5 million for the campus transportation strategy

While the pension fund is currently fully funded on an actuarial basis, the plan still remains top of mind for the university when assessing future risks. As noted below in section 3.2.5, on an accounting basis, the plan had a \$73.4 million liability as at April 30, 2020, as a result of the pandemic's effect on the markets and the assets backing the pension plan. The university still has \$69.2 million reserved for pension obligations.

## 2.2.3 OPERATING RESULTS

As noted in section 1 above, net actual results show revenues, which equal expenditures and appropriations. The increases in income and expenses have been reviewed in detail. Many of the items are offsetting, in that additional income was directed to specific areas of expense. In the analysis below, we have excluded these offsetting items to provide a variance analysis against the mid-year projections, for the major categories.

Changes in Accumulated Surplus vs Projection			
	<i>Actual</i> <i>Incr/Decr</i> <i>\$000</i>	<i>Projected</i> <i>Incr/Decr</i> <i>\$000</i>	<i>Variance</i> <i>\$000</i>
<b>Income Variations</b>			
Government grants (section 2.1.1)	(192)	(314)	122
Tuition fees (section 2.1.2)	2,661	3,004	(343)
Miscellaneous income (section 2.1.3)	2,296	1,050	1,246
Investment income (section 2.1.4)	-	10,000	(10,000)
Departmental income (section 2.1.5)	-	-	-
Total income variations	4,765	13,740	(8,975)
<b>Expenditure Variations</b>			
Expenditures less than contingencies (sec 2.2.1)	7,358	5,820	1,538
Expenditures less than allocations (sec 2.2.1)	3,752	3,340	412
Total expenditure variations	11,110	9,160	1,950
Change in results	15,875	22,900	(7,025)
New appropriations (section 2.2.2)	(16,373)	(22,900)	6,527
Net change in results	(498)	-	(498)
Original surplus included in budget	-	-	-
Total change in accumulated surplus	(498)	-	(498)



## 2.2.4 ACCUMULATED SURPLUS

The prior year accumulated operating surplus of \$498,000 has been appropriated to the strategic reserve for the COVID-19 pandemic, leaving the current year's balance of unrestricted fund at zero.

## 2.3 ANCILLARY OPERATIONS - OPERATING RESULT AND FUND BALANCE

Schedule 2 of this report, details the 2019-2020 operations of the ancillaries as compared to the opening budget. Overall the ancillary results can be summarized as follows:

	<i>2019-20 Actual \$000</i>	<i>2019-20 Budget \$000</i>	<i>2018-19 Actual \$000</i>
Revenue and internal recoveries	64,399	69,031	69,769
Expenses and transfers	44,367	46,344	45,910
Surplus from operating activity	20,032	22,687	23,859
Major renovations and capital debt	18,190	22,306	19,147
Surplus for the year	1,842	381	4,712

- As outlined in section 1.2, revenue and internal recoveries and expenses and transfers were both under budget as a result of the COVID-19 pandemic. Major renovations and capital debt are lower than budget due to several major projects being deferred until the 2020-2021 fiscal year.
- Ancillary operations ended the year with a combined actual surplus of \$1.8 million compared to a budgeted surplus of \$0.4 million. Each ancillary finished the year with an operating surplus, with the exception of The Print Shop, Health and Counselling Services and Ancillary Property Rentals.
- The Print Shop incurred a deficit of \$0.7 million due to the purchase of software and equipment to support ongoing print needs and the university's Campus Card operation. Health and Counselling Services and Ancillary Property Rentals each incurred a deficit of \$0.1 million due to additional operating costs.

The fund balances of the ancillaries are all currently in an accumulated surplus position. The change in these balances is as follows:

	<i>Balance at April 2020 \$000</i>	<i>Balance at April 2019 \$000</i>	<i>Variance \$000</i>
Accumulated Surplus - Unrestricted	680	744	(64)
Accumulated Surplus - Internally Restricted	40,086	38,180	1,906
	40,766	38,924	1,842

## 2.4 OTHER INCOME AND EXPENDITURES

As explained in section 2 above, the 2019-2020 audited financial statements include all the activities of the university which used to be segregated into separate funds. The following sections highlight the more significant non-operating activities from the Consolidated Statement of Operations.

### 2.4.1 CAPITAL INVESTMENTS, PLANT INCOME AND EXPENSES

The accounting for investments in capital assets is one of the major differences in how the university accounts for expenditures internally, versus those in the audited financial statements. Included here is a high-level view of capital investments, as well as operating results for the non-capital portion of renovation projects, known as Plant income and expenses.

Since 2008, in order to accommodate enrolment growth, the university has invested over \$480 million in major capital projects, including several new buildings. In addition to investing in new facilities, the university has had to address a considerable backlog of deferred maintenance projects to maintain existing buildings in acceptable condition. In the current year alone, \$27 million was been spent on building modernization and maintenance projects.

The Plant income and expenses included here represent non-capital and renovation projects, which are specifically funded from external sources, as well as those non-capital expenditures being funded from operations (e.g. general, ancillary, research) over a period of time.

The following summarizes the Plant income and expenses for 2019-2020:

	2019-2020 <i>Actual</i> \$000	2018-2019 <i>Actual</i> \$000	<i>Increase</i> <i>(Decrease)</i> \$000
Income and Transfers			
Government grants, other income	796	2,560	(1,764)
Transfers to/from operating & ancillary	488	1,365	(877)
Net income	1,284	3,925	(2,641)
Expenses			
Additions	1,285	2,851	(1,566)
Surplus (deficit)	(1)	1,074	(1,075)
Opening fund balance	(427)	(1,501)	1,074
Closing fund balance	(428)	(427)	(1)

The accumulated deficit of \$428,000 represents expenditures incurred in advance of funding for non-capital projects.



## 2.4.2 RESEARCH FUNDING AND EXPENDITURES

The table below provides a summary of externally sponsored and internally funded research activity.

Externally sponsored research funding is considered restricted revenue and is not recognized as revenue on the audited financial statements until matching expenditures are made. Funding received but not spent during the year is shown as deferred revenue. Internally funded research revenue does not have external restrictions placed on it and is recognized as revenue when received. Unspent funds at year-end are shown as internally restricted balances on the financial statements.

	<i>Balance</i> <i>April 30, 2019</i> <i>\$000</i>	<i>2019-2020</i> <i>Funding</i> <i>\$000</i>	<i>2019-2020</i> <i>Expenditure</i> <i>\$000</i>	<i>Balance</i> <i>April 30, 2020</i> <i>\$000</i>
<u>Canadian Government Departments and Agencies</u>				
Citizenship	4	5	8	1
National Defence	366	1,495	1,226	635
Transport Canada	-	478	18	460
Natural Resources Canada	149	2,712	2,820	41
Environment and Climate Change Canada	(12)	537	527	(2)
HRDC	157	901	430	628
Indigenous and Northern Affairs	88	105	121	72
ISED	29	90	139	(20)
IDRC	1,064	378	288	1,154
Health Canada	65	128	126	67
NRC	192	1,298	713	777
Federal Econ. Dev. Agency	(10)	155	223	(78)
Other Federal	283	1,837	1,621	499
<u>Tri-Agency Sponsored Research</u>				
CIHR	1,496	1,872	1,238	2,130
NSERC	9,153	17,927	15,824	11,256
SSHRC	6,734	10,562	8,416	8,880
Canada Research Chairs	(114)	3,484	2,897	473
Research Support Fund	-	5,093	5,093	-
<u>Other Sponsored Research</u>				
COE	42	435	375	102
Provincial, Municipal Governments	1,404	4,196	4,765	835
CFI / Ontario Research Fund	7,763	3,908	3,677	7,994
Ontario ERAP	225	420	106	539
Businesses and Foundations	7,563	17,649	17,388	7,824
Foreign Governments	192	498	456	234
Research Partnership Agreements	1,665	4,414	4,233	1,846
SNO and TRIUMF	-	8,830	8,830	-
<u>Total Sponsored Research</u>	<u>38,498</u>	<u>89,407</u>	<u>81,558</u>	<u>46,347</u>

Funding Source – continued

	<i>Balance</i> <i>April 30, 2019</i>	<i>2019-2020</i> <i>Funding</i>	<i>2019-2020</i> <i>Expenditure</i>	<i>Balance</i> <i>April 30, 2020</i>
Internally Restricted Research	42,260	9,878	5,436	46,702
<u>Total Research</u>	<u>80,758</u>	<u>99,285</u>	<u>86,994</u>	<u>93,049</u>

Notes: Key to acronyms

CFI	Canadian Foundation for Innovation
CIHR	Canadian Institutes for Health Research
COE	Federal/Provincial Centres of Excellence
ERAP	Early Researcher Award Program (Ontario)
IDRC	International Development Research Centre
ISED	Innovation, Science and Economic Development Canada
NRC	National Research Council
NSERC	Natural Science and Engineering Research Council
SNO	Sudbury Neutrino Observatory Institute
SSHRC	Social Science and Humanities Research Council
TRIUMF	National Laboratory for Particle and Nuclear Physics

Sponsored research funding received during the year increased by \$3,805,000 (4.4%) from \$85,602,000 in 2018-2019 to \$89,407,000 in 2019-2020. Corresponding expenditures on these projects increased by \$3,003,000 from \$78,555,000 to \$81,558,000. The sponsored research fund balance increased by \$7,849,000 from \$38,498,000 to \$46,347,000 as at April 30, 2020. This balance is included in deferred revenue.

Funding of internally restricted research projects was consistent in 2019-2020 at \$9,878,000, compared to \$9,948,000 in 2018-2019. Related expenditures were lower however, at \$5,436,000, compared to \$7,059,000 in the prior year, which resulted in the internally funded research balance increasing from \$42,260,000 to \$46,702,000.



## 2.5 RECONCILIATION OF OPERATING RESULTS

The accumulated balances for the operating, ancillary and plant funds described in the previous sections match those shown on the Consolidated Statement of Changes in Net Assets. The operating results discussed above do not, however, match those shown on the Consolidated Statement of Operations. The following explains the differences in presentation:

	<u>\$000</u>
Operating result per Consolidated Statement of Operations	40,179
Adjustments:	
a) Net change in investment in capital assets	(25,324)
b) Decrease in operating appropriations (2.2.2)	64,955
c) Research surplus (internally restricted) increase (2.4.2)	(4,442)
d) Enterprise surplus (internally restricted) increase	(232)
e) Scholarship surplus (internally restricted) decrease	8
f) Professional Development (internally restricted) increase	(312)
g) Decrease in unrestricted endowment	152
h) Employee future benefit expense net of cash payment	(68,920)
i) Internal contributions to restricted endowments	(4,721)
j) Ancillary surplus (section 2.3)	(1,842)
k) Plant deficit (section 2.4.1)	1
Operating budget result	<u>(498)</u>

Notes:

- a) Net change in investment in capital assets: For the purposes of managing general operations, the university accounts for funds received for, and expended on, the purchase of capital assets in the year the purchase is made. However, under Canadian accounting standards, the receipts and costs must be amortized over the life of the asset (i.e. 10 to 40 years). The result of this is that expenditures incurred during the year for capital assets are removed from those shown in the statements of operations and a calculated amount for amortization expenditure is recognized. Similarly, any restricted funds received during the year for capital purchases are removed from revenues and brought into income over the life of the asset. During 2019-2020 the following entries were made:

	<u>\$000</u>
Current year capital assets expenditures removed from expenses	(56,421)
Current year funding received for capital assets removed from revenues	3,889
Current year change in capital asset financing removed from expenses	3,447
	<u>(49,085)</u>
Addback calculated amounts:	
Amortization of capital asset expense	36,118
Amortization of capital asset funding	(12,357)
Difference	<u>(25,324)</u>

The \$25,324,000 difference represents the excess of net cash outlays (i.e. actual cash expenditures less the actual cash received) over the prescribed calculated amounts reflected in the Consolidated Statement of Operations. It is shown as a reduction in Unrestricted Net Assets and an increase in Investment in Capital Assets.

- b) Decrease in appropriations: Under Canadian accounting standards, appropriations are not accounted for on the face of the Statement of Operations, but are shown as a change in internally restricted net assets on the Consolidated Statement of Changes in Net Assets.

- c) Research funds: As shown in section 2.4.2 above, internally restricted research balances increased by \$4,442,000 during 2019-2020. As these funds are earmarked for the continuation of the research activity being funded, this \$4,442,000 (\$46,702,000 - \$42,260,000) is shown as an increase to the internally restricted amounts on the Consolidated Statement of Changes in Net Assets.
- d) Enterprise funds: As shown on the Consolidated Statement of Changes in Net Assets, enterprise balances have increased by \$232,000 (\$4,966,000 - \$4,734,000) during 2019-2020. As these funds are earmarked for continuation of specific projects, this change is shown as a increase to the internally restricted amounts on the Consolidated Statement of Changes in Net Assets.
- e) Scholarship funds: As shown on the Consolidated Statement of Changes in Net Assets, internally restricted scholarship balances have decreased by \$8,000 during 2019-2020. Although these scholarships do not have donor-placed restrictions on them, the funds have been earmarked for student support in future years.
- f) Professional Development: As shown on the Consolidated Statement of Changes in Net Assets, we have an internally restricted balance for professional development funds earned by faculty members but not yet used.
- g) Loss on unrestricted endowment: The undistributed portion of the loss on the unrestricted endowment is recognized as loss in the unrestricted fund, thus decreasing the surplus. However, as this amount does not actually impact the amount available for spending in the current year, it is not included in the operating fund results as reported on Schedule 1.
- h) Employee future benefits: As explained in section 3.2.5, a liability for future benefits owing to employees must be recognized in the university's financial statements. Actuarial assumptions are used to calculate the accrual-based expense to be recognized in the statement of operations and the related contributions that must be removed. During 2019-2020 the following entries were made:

	<u>\$000</u>
Employee future benefits, non-pension	13,565
Employee future pension benefits	12,855
Less: 2019-2020 contributions removed from expenditure	<u>(95,340)</u>
Difference	<u>(68,920)</u>

- i) Internally endowed amounts: Unrestricted contributions are recognized as revenue in the period in which they are received. When they are subsequently reallocated to the endowment fund, the transfer is shown on the Statement of Changes in Net Assets as a reduction in unrestricted net assets.
- j) Ancillary surplus: As presented in section 2.3, the ancillary operations resulted in a surplus of \$1,842,000 in 2019-2020.
- k) Plant deficit: As presented in section 2.4.1, the plant fund for non-capital and renovation projects resulted in a surplus of \$1,000 in 2019-2020.

### 3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

The following notes and tables highlight relevant extracts from the Consolidated Statement of Financial Position of potential interest to the reader, with comparison to the previous year.

#### 3.1 SOURCE AND APPLICATION OF UNIVERSITY RESOURCES

The source and application of university resources at April 30, 2020 were as follows:

	2020 Actual \$000	2019 Actual \$000	Increase (Decrease) \$000
<b>Sources</b>			
Short-term liabilities:			
Accounts payable	49,842	45,136	4,706
Deferred revenue	96,281	96,363	(82)
Accrued leave	15,278	13,012	2,266
Current portion of long-term debt	4,079	3,966	113
Long-term liabilities:			
Employee future benefits	236,723	110,647	126,076
Long-term debt	59,307	63,386	(4,079)
Net assets:			
General operating fund	-	498	(498)
Ancillary, plant and collections funds	252	317	(65)
Endowment fund	298,612	295,410	3,202
Internally restricted funds	448,915	506,986	(58,071)
	747,779	803,211	(55,432)
Total – Sources	1,209,289	1,135,721	73,568
<b>Applications</b>			
Short-term assets:			
Cash, equivalents and marketable securities	543,681	599,800	(56,119)
Accounts receivable	34,882	32,315	2,567
Prepaid expenses	7,215	13,366	(6,151)
Current portion of net investment in lease	876	820	56
Long-term assets:			
Net investment in lease	6,676	7,552	(876)
Investments	301,800	297,232	4,568
Capital assets:	680,663	660,360	20,303
Less: Investment in capital assets	(411,210)	(385,886)	(25,324)
Deferred capital contributions	(192,017)	(200,485)	8,468
Collections	24,760	24,568	192
Less: Investment in collections	(24,760)	(24,568)	(192)
Net assets:			
Provision for employee future benefits	236,723	110,647	126,076
Total - Applications	1,209,289	1,135,721	73,568

## 3.2 SOURCE OF UNIVERSITY RESOURCES

### 3.2.1 ACCOUNTS PAYABLE - \$49,842,000

The accounts payable as at April 30, 2020 comprised:

	2020 \$000	2019 \$000	Increase (Decrease) \$000
Due to suppliers	2,939	6,375	(3,436)
Construction accruals and holdbacks	15,674	14,283	1,391
Payroll taxes and pension	13,480	11,736	1,744
Amounts held on deposit	4,421	3,149	1,272
Other taxes payable	1,001	630	371
Other payables and accrued liabilities	12,327	8,963	3,364
Total	49,842	45,136	4,706

Amounts payable at April 30, 2020, remained relatively consistent year-over-year. The fluctuation in payroll amounts, suppliers and other payables is due to the timing of remittance and invoices received.

### 3.2.2 DEFERRED REVENUE - \$96,281,000

	2020 \$000	2019 \$000	Increase (Decrease) \$000
a) Government grants	7,099	3,259	3,840
b) Research	46,347	38,498	7,849
c) Scholarships	5,464	4,606	858
d) Parker loans	1,046	1,097	(51)
e) Special purpose	16,930	16,502	428
f) Donated software	3,253	9,596	(6,343)
g) Summer student fees	6,962	12,771	(5,809)
h) Other items	9,180	10,034	(854)
Total	96,281	96,363	(82)

Deferred revenue as at April 30, 2020 comprised:

- a) Deferred grant revenue relates mainly to unspent student aid grants (\$1,210,000), capital projects (\$1,957,000) and performance funding (\$3,638,000).
- b) Research funds are the unexpended restricted grants and contracts to be spent in future years. The detailed composition of the balance is shown in section 2.4.2.
- c) Represents restricted scholarship accounts.
- d) Represents funds available to loan to students in need of financial aid.

- e) Special purpose is the unexpended portion of restricted donor gifts and other income.
- f) The \$3,253,000 represents the balance of a three-year gift-in-kind software licence received by the Earth Sciences department in fiscal 2018.
- g) Summer student fees represent payments received prior to April 30 for courses held in the summer term.
- h) Other deferred revenue relates mainly to advance payments received for projects earmarked for future years, summer programs in the Recreation and Athletics operation and Housing and Conference Services operation, and a capital replacement fund held for the NWRC building.

### 3.2.3 CURRENT PORTION OF LONG-TERM DEBT - \$4,079,000

The current portion of long-term debt is defined as the amount coming due within the next fiscal year. This totalled \$4,079,000 as at April 30, 2020, an increase of \$113,000 over last year.

### 3.2.4 ACCRUED LEAVE - \$15,278,000

The \$15,278,000 compares to \$13,012,000 last year for an increase of \$2,266,000. The increase is reasonable given the cancellation of many travel plans due to the COVID-19 pandemic.

Canadian accounting standards require that accumulated but unpaid leave (annual and administrative) must be recognized as an expense and amount payable at each year-end. Consistent with other Ontario universities, the university has fully funded this accrued benefit, however the university's resource management policies are such that payments of accrued vacation are charged against existing departmental resources in the year the event occurs.

### 3.2.5 EMPLOYEE FUTURE BENEFITS LIABILITY - \$236,723,000

During 2001, the university adopted the recommendations of the CICA Handbook Section 3461, Employee Future Benefits, which has now been replaced by the Chartered Professional Accountants of Canada Handbook Section 3462/3463. Under these recommendations, the university accrues its obligations under employee benefits plans as the employees render the services necessary to earn post-retirement and post-employment benefits. Prior to the adoption of these recommendations, the non-pension costs were recognized on a "pay as you go" basis. While this represents a large, unfunded obligation, the ongoing cash demands of these benefits remain unchanged. As such, the deficit created by this accounting policy change does not have a significant impact on the operations of the university. Refer to note 12 of the audited financial statements for further information.

With respect to pension benefits, the university must recognize the defined benefit liability or asset in its statement of financial position. This amount is the defined benefit obligation less the fair value of the assets. With the adoption of the new Handbook section 3462/3463, deferral and amortization of actuarial gains and losses is no longer permitted for any future benefit obligation, which can lead to large swings in the liability or asset amount each year. Additional details are provided in note 12 of the audited financial statements.

This note shows that, on an accounting basis, the pension plan is in a deficit position of \$73,449,000. It also states that on an actuarially determined basis, a going-concern shortfall of \$59,277,000 and a hypothetical wind-up/solvency shortfall of \$120,998,000 existed as at July 1, 2019. As this actuarial determination relates more closely to actual and potential fund flows, the university uses this as its guide. Subsequent to July 1, 2019, the university made lump sum special payments totaling \$61,729,000 into the pension fund for the period from July 1, 2019 to March 31, 2020. As a result, no university special payments are required for the period from April 2020 to June 2023.

In 2019-2020, the non-pension employee future benefit obligation increased by \$23,868,000, while the pension liability increased by \$102,208,000. For the non-pension benefits, the growing, unfunded obligation is mainly due to a decrease in the discount rate used as well as increased plan membership. Meanwhile, the large pension liability relates to losses on the plan assets due to market returns late in the fiscal year.

### 3.2.6 LONG-TERM DEBT - \$59,307,000

The loans and mortgages payable are described in note 10 of the audited financial statements.

### 3.2.7 NET ASSETS, PROVIDING A SOURCE OF RESOURCES - \$747,779,000

The net assets that constitute a source of resources are:

	2020 \$000	2019 \$000	Increase (Decrease) \$000
Operating fund	-	498	(498)
Ancillary, plant and collections funds	252	317	(65)
Internally restricted funds	448,915	506,986	(58,071)
Endowment fund	298,612	295,410	3,202
Total	747,779	803,211	(55,432)

Notes:

- a) The internally restricted net assets as at April 30, 2020, consist of the following:

	\$000
Appropriated operating funds (section 2.2.2)	354,428
Appropriated ancillary funds (section 2.3)	40,086
Internally restricted research balances (section 2.4.2)	46,702
Enterprise funds	4,966
Scholarship funds	6
Professional Development	2,727
	448,915

- b) An analysis of the Endowment Fund is as follows:

	\$000
Market Value at April 30, 2020	298,612
Market Value at April 30, 2019	295,410
	3,202



The \$3,202,000 increase in the endowment fund is calculated as follows:

	<u>\$000</u>
Unrealized gain (loss) on investment	(15,419)
Gifts, bequests and other additions (per below)	13,007
Gain (loss) on sale of investments	13,885
Investment income	<u>7,708</u>
	19,181
Less: Distributed for endowed spending	(11,724)
Direct and indirect operating costs	(2,931)
Investment management fees	<u>(1,324)</u>
Change in nominal value	<u>3,202</u>

Additions to the endowment fund in 2019-2020 included the following gifts and transfers:

	<u>\$000</u>
Carleton University transfers and matching contributions	4,721
The Clayton H. Riddell Political Management Endowment Fund	1,900
Dr. F.W.C. Mohr	940
Pushkin Endowment in support of McMillan Chair in Russian Studies	733
President's Endowment Fund (Singhal Family Foundation)	730
A.T. Tolley & Glenda M. Patrick Endowment	420
Jarislowsky Chair in Water & Global Health	250
CU Engineering Students Equipment Fund	201
Helmut Kallmann Chair in Canadian Music	211
Jasbir Singh Hanspal Memorial Scholarship in Engineering	126
Fac of Science Grad Students' Basketball Analytics Internships	103
Anita Garbarino Girard Scholarship in Health Science	100
Vernon McCaw Fund in Musical Instrument Maintenance	100
Other additions (<\$100,000)	<u>2,472</u>
Total additions	<u>13,007</u>

The realized investment returns on the endowment fund for the year, including gains on sale and direct investment income, amounted to \$21,593,000. The amount distributed towards endowed spending was \$11,724,000. In addition, \$1,324,000 was paid to investment managers during the year and \$2,931,000 in direct and indirect expenditures were charged to administer the fund in 2019-2020.

A more complete analysis of the university's endowment investments is provided in the quarterly report to the Board on investment performance.

### 3.3 APPLICATION OF UNIVERSITY RESOURCES

#### 3.3.1 CASH AND SHORT-TERM INVESTMENTS - \$543,681,000

The cash and short term investment balance at April 30, 2020 were as follows:

	2020	2019	Increase (Decrease)
	\$000	\$000	\$000
Cash balance	(3,273)	6	(3,279)
Cash equivalent investments	440,516	488,447	(47,931)
Marketable securities	106,438	111,347	(4,909)
Total	543,681	599,800	(56,119)

With a view to increase longer-term average returns on investments, the Investment Committee made a decision during the 2015-2016 fiscal year to invest a portion of the university's cash balances in marketable securities. Using historical cash requirements as a guide, the committee decided to invest \$100,000,000 in marketable securities, as this amount would most likely be in excess of short-term liquidity requirements. The current market value of the securities on hand at the end of the year was \$106,438,000 (2019 - \$111,347,000).

#### 3.3.2 ACCOUNTS RECEIVABLE - \$34,882,000

	2020	2019	Increase (Decrease)
	\$000	\$000	\$000
a) Student accounts	8,767	9,270	(503)
b) Student associations	279	441	(162)
c) General accounts receivable	12,371	8,648	3,723
d) Staff computer loans	127	122	5
e) HST/GST receivable	1,531	664	867
f) Bookstore	39	34	5
g) Union groups	254	218	36
h) Research funds	10,778	9,159	1,619
i) Student loans	3	1	2
j) Food service provider	726	1,727	(1,001)
k) MCU grants	-	2,455	(2,455)
Other receivables	1,453	914	539
Sub-total	36,328	33,653	2,675
l) Less: Allowance for doubtful accounts	(1,446)	(1,338)	(108)
Total	34,882	32,315	2,567

Notes:

- a) Student accounts: These accounts include outstanding tuition fees, residence fees and other miscellaneous charges. The \$8,767,000 represents 2.75% (2019 – 2.8%) of the total 2019-2020 tuition and residence fees assessed.
- b) Student associations: Amounts outstanding for university services provided to various student groups.
- c) General accounts receivable: These amounts relate to services rendered by certain departments to external clients or to internal monies owed at year-end. The increase in the current year is due mostly to travel advances for trips that had to be postponed due pandemic travel restrictions. The receivables are generally current.
- d) Staff computer loans: During 1996-1997, the university introduced a program whereby staff could acquire computers from the Computer Store and pay over time. The loans bear interest and are recovered through payroll deduction.
- e) HST/GST receivable: The balance represents the amount due from the government for the March and April HST/GST return.
- f) Bookstore: The 2019-2020 amount receivable is due from Follett Books and represents commission income earned but not received in 2019-2020.
- g) Union groups: The various union groups use the university services on a recovery basis. The accounts are generally kept up to date.
- h) Research funds: The receivables consist of two different types of receivables: contract research and grants. The nature of contractual research is such that expenditures must be incurred before progress billings can be made and income received. For grant type research, most granting agencies make multi-year research awards with payment being spread over a specific period (usually three years). In many cases, however, the nature of the project is such that a greater proportion of the expenses must be incurred in the earlier periods of the grant. For the sake of continuity and given that research activities as a whole are in a net cash surplus position, the university allows reasonable advanced spending on multi-year research grants.
- i) Student loans: Student loans outstanding are issued under the Parker Loan fund, which funds the interest and guarantees the principal of the loans.
- j) Food services provider: The 2019-2020 amount receivable from Aramark represents commission and profit share income related to the 2019-2020 operations.
- k) MCU grants: The prior year amount relates to the 2018-2019 portion of David C. Onley Employment Development Initiative, which was received in May 2019.
- l) Allowance for doubtful accounts: The allowance includes \$1,400,000 for student fees, while the balance is for other overdue items.

### 3.3.3 PREPAID EXPENSES - \$7,215,000

Prepaid Expenses as at April 30, 2020 comprised:

	2020 \$000	2019 \$000	Increase (Decrease) \$000
Insurance	783	749	34
Licences	5,837	12,015	(6,178)
Physical Plant supplies	389	367	22
Other	206	235	(29)
Total	7,215	13,366	(6,151)

Prepaid expenses represent payments to third parties for services to be provided in future periods (e.g. insurance, licences), as well as any significant stock of materials and supplies for internal use (e.g. Facilities Management & Planning supplies). The decrease in prepaid licences is due to the drawdown of a three-year software licence received in 2018.

### 3.3.4 CURRENT PORTION OF NET INVESTMENT IN LEASE - \$876,000

The current portion of net investment in lease is defined as the amount collectible within the next fiscal year. This totaled \$876,000 at April 30, 2020 and represents the non-financing income portion of the \$1,300,000 annual National Wildlife Research Centre (NWRC) lease payment. Further detail is provided in section 3.3.5 and in note 5 of the audited financial statements.

### 3.3.5 NET INVESTMENT IN LEASE - \$6,676,000

In 2002-2003, Carleton University entered into an agreement with Environment Canada under which the university constructed the National Wildlife Research Centre (NWRC) building on its property, which was then leased to Environment Canada. The lease term is for 99 years starting May 1, 2002, and exceeds 75% of the estimated useful life of the building. Under the guidance of the CPA Canada Handbook, Part II, section 3065: Leases, this fact indicates that the NWRC lease should be accounted for as a direct-financing lease.

The accounting treatment for the direct-financing lease began in fiscal 2003 when the building became operational. The university removed the building's construction cost from capital assets and the difference between the cost of the capital asset and the long-term receivable for the future lease payments was recorded as unearned financing income and is presented as Net Investment in Lease on the consolidated financial statements.

The calculation of this amount is presented in detail in note 5 of the audited financial statements.



### 3.3.6 INVESTMENTS - \$301,800,000

The nature of most investments has been detailed in preceding sections. They are summarized

	2020	2019	Increase (Decrease)
	\$000	\$000	\$000
Investments held for:			
Endowment	298,437	293,912	4,525
Parker Loan fund	1,205	1,265	(60)
NWRC capital reserve	863	871	(8)
Sprott Student fund	1,295	1,184	111
Total	301,800	297,232	4,568

As indicated in note 2(c) of the audited financial statements, all investments are shown at fair market value. Additional information on the investments can be found in note 4 of the audited financial statements.

### 3.3.7 CAPITAL ASSETS: \$680,663,000

#### INVESTMENT IN CAPITAL ASSETS: \$411,210,000

#### DEFERRED CAPITAL CONTRIBUTIONS: \$192,017,000

The net value of capital assets as at April 30, 2020 comprised:

	2020	2019	Increase (Decrease)
	\$000	\$000	\$000
Capital Assets:			
Land and buildings	907,224	870,433	36,791
Co-Generation Plant	20,680	16,561	4,119
Equipment and furnishings	95,954	99,113	(3,159)
Computers and software	8,026	6,445	1,581
Automobile	377	259	118
Library	22,134	23,000	(866)
	1,054,395	1,015,811	38,584
Less: Accumulated depreciation	(373,732)	(355,451)	(18,281)
Net capital assets	680,663	660,360	20,303
Funding:			
Investment in capital assets	411,210	385,886	25,324
Deferred capital contributions	192,017	200,485	(8,468)
Total funding	603,227	586,371	16,856
Unfunded assets	77,436	73,989	3,447
Financed by:			
Mortgages payable	-	114	(114)
Loans payable	55,831	58,868	(3,037)
Other short-term borrowing	21,605	15,007	6,598
Total	77,436	73,989	3,447

The specific capital assets funded through financing are as follows:

	2020	2019	Increase (Decrease)
	\$000	\$000	\$000
Mortgage financing:			
Glengarry residence	-	114	(114)
External loan financing:			
Prescott residence	9,907	10,773	(866)
Leeds residence	8,266	9,279	(1,013)
Frontenac residence	11,841	12,180	(339)
Lennox & Addington residence	25,817	26,636	(819)
	55,831	58,868	(3,037)
Internal loan financing:			
P6/P7 Parking Garage	22,440	22,915	(475)
Housing and Food Services renovations	7,600	8,022	(422)
Ice Arena	3,595	4,144	(549)
Alumni Hall and Sports Centre	1,533	2,188	(655)
Field Bleachers	852	924	(72)
Nicol Building (funding in advance of expense)	-	(10,517)	10,517
Building Fit-ups (funding in advance of expense)	(14,724)	(12,164)	(2,560)
Other (funding in advance of expense)	309	(505)	814
	21,605	15,007	6,598
Financed assets	77,436	73,989	3,447



### 3.3.8 ART COLLECTIONS: \$24,760,000

#### INVESTMENT IN COLLECTIONS: \$24,760,000

The net value of the art collection as at April 30, 2020:

	2020 \$000	2019 \$000	Increase (Decrease) \$000
Art Collection	24,760	24,568	192
Total	24,760	24,568	192

### 3.3.9 NET ASSETS, REQUIRING AN APPLICATION OF RESOURCES - \$236,723,000

The net assets classified as an application of resources include:

	2020 \$000	2019 \$000	Increase (Decrease) \$000
Provision for employee future benefits	236,723	110,647	126,076
Total	236,723	110,647	126,076

As discussed in section 3.2.5, this represents the unfunded balance of employee future benefits as at April 30, 2020.



**General Operating Fund 2019-2020**  
**Income, Expenses and Accumulated Surplus**  
**Comparison to Budget (May 2019) and 2018-2019 Actual**

	2019-20 Actual \$000's	2019-20 Budget \$000's	Actual to Budget \$000's    %		2018-19 Actual \$000's	Actual to Prior Year \$000's    %	
<b>INCOME</b>							
Government Grant	175,505	172,392	3,113	1.8	176,822	(1,317)	(0.7)
Tuition Fees	293,761	291,100	2,661	0.9	304,492	(10,731)	(3.5)
Miscellaneous Income	16,534	11,081	5,453	49.2	13,593	2,941	21.6
Investment Income	7,410	8,250	(840)	(10.2)	23,589	(16,179)	(68.6)
Departmental Income	9,572	9,124	448	4.9	10,758	(1,186)	(11.0)
<b>Total Operating Income</b>	<b>502,782</b>	<b>491,947</b>	<b>10,835</b>	<b>2.2</b>	<b>529,254</b>	<b>(26,472)</b>	<b>(5.0)</b>
<b>EXPENSES</b>							
Faculty of Arts & Social Sciences	58,300	56,679	1,621	2.9	58,901	(601)	(1.0)
Faculty of Public Affairs	37,033	36,332	701	1.9	36,747	286	0.8
Sprott School of Business	13,921	13,833	88	0.6	14,236	(315)	(2.2)
Faculty of Science	40,302	37,699	2,603	6.9	40,869	(567)	(1.4)
Faculty of Engineering and Design	39,799	30,391	9,408	31.0	37,735	2,064	5.5
Provost and Vice-President (Academic)	13,703	11,730	1,973	16.8	12,536	1,167	9.3
Vice-President (Students and Enrolment)	26,261	30,648	(4,387)	(14.3)	24,496	1,765	7.2
Library	18,263	17,930	333	1.9	18,484	(221)	(1.2)
Vice-President (Research and International)	4,158	4,523	(365)	(8.1)	3,891	267	6.9
Vice-President (Finance & Administration)	47,041	43,614	3,427	7.9	34,657	12,384	35.7
Advancement	5,721	5,631	90	1.6	5,661	60	1.1
President	4,725	4,995	(270)	(5.4)	4,706	19	0.4
University Budgets and Provisions	212,847	152,864	59,983	39.2	147,903	64,944	43.9
Interfund Transfers (net)	46,161	45,078	1,083	2.4	38,252	7,909	20.7
<b>Subtotal Operating Expenses</b>	<b>568,235</b>	<b>491,947</b>	<b>76,288</b>	<b>15.5</b>	<b>479,074</b>	<b>89,161</b>	<b>18.6</b>
Net Appropriations	(64,955)	-	(64,955)		50,180	(115,135)	
<b>Total Expenses</b>	<b>503,280</b>	<b>491,947</b>	<b>11,333</b>	<b>2.3</b>	<b>529,254</b>	<b>(25,974)</b>	<b>(4.9)</b>
<b>Increase/(Decrease) in Surplus for the Year</b>	<b>(498)</b>	<b>-</b>	<b>(498)</b>		<b>-</b>	<b>(498)</b>	
Opening Accumulated Surplus/(Deficit)	498	498	-		498	-	
Closing Accumulated Surplus/(Deficit)	-	498	(498)		498	(498)	

*Note: 2019-2020 budget figures reflect the opening May 1, 2019 budget, with reallocations made to assist in comparison.*

**General Operating Fund 2019-2020**  
**Income, Expenses and Accumulated Surplus**  
**Comparison to Projection (January 2020)**

	2019-20 Actual \$000's	2019-20 Projected \$000's	Actual to Projected	
			\$000's	%
<b><u>INCOME</u></b>				
Government Grant	175,505	176,518	(1,013)	(0.6)
Tuition Fees	293,761	294,104	(343)	(0.1)
Investment Income	7,410	18,250	(10,840)	(59.4)
Other Income	26,106	20,652	5,454	26.4
<b>Total Operating Income</b>	<b>502,782</b>	<b>509,524</b>	<b>(6,742)</b>	<b>(1.3)</b>
<b><u>EXPENSES</u></b>				
Faculty of Arts & Social Sciences	58,300	58,462	(162)	(0.3)
Faculty of Public Affairs	37,033	37,748	(715)	(1.9)
Sprott School of Business	13,921	13,929	(8)	(0.1)
Faculty of Science	40,302	43,124	(2,822)	(6.5)
Faculty of Engineering and Design	39,799	47,912	(8,113)	(16.9)
Provost and Vice-President (Academic)	13,703	12,894	809	6.3
Vice-President (Students and Enrolment)	26,261	23,918	2,343	9.8
Library	18,263	19,583	(1,320)	(6.7)
Vice-President (Research and International)	4,158	4,954	(796)	(16.1)
Vice-President (Finance & Administration)	47,041	39,658	7,383	18.6
Advancement	5,721	5,762	(41)	(0.7)
President	4,725	5,650	(925)	(16.4)
University Budgets and Provisions	212,847	152,346	60,501	39.7
Interfund Transfers (net)	46,161	20,684	25,477	123.2
<b>Subtotal Operating Expenses</b>	<b>568,235</b>	<b>486,624</b>	<b>81,611</b>	<b>16.8</b>
Net Appropriations	(64,955)	22,900	(87,855)	(383.6)
<b>Total Expenses</b>	<b>503,280</b>	<b>509,524</b>	<b>(6,244)</b>	<b>(1.2)</b>
<b>Increase/Decrease in Surplus for the Year</b>	<b>(498)</b>	<b>-</b>	<b>(498)</b>	
Opening Accumulated Surplus/(Deficit)	498	498	-	
Closing Accumulated Surplus/(Deficit)	-	498	(498)	

*Note: The 2019-2020 Projected amounts were those presented to the Board, with net appropriations now distributed to the relevant unit to ease comparison*

# Carleton University Ancillary Operations Income and Expenditure as Compared to Budget and Accumulated Operating Results as at April 30, 2020

	2019-20 Actual			2019-20 Budget			Actual as Compared to Budget			Accumulated Surplus	
	Income	Expenses and Transfers	Surplus (Deficit)	Income	Expenses and Transfers	Surplus (Deficit)	Income	Expenses and Transfers	Surplus (Deficit)	Opening	Closing
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Housing, Conference & Dining	30,758	30,128	630	33,279	33,171	108	(2,521)	(3,043)	522	12,081	12,711
Recreation and Athletics	14,455	13,708	747	15,052	14,863	189	(597)	(1,155)	558	12,424	13,171
Parking Services	5,205	4,514	691	6,165	4,952	1,213	(960)	(438)	(522)	3,417	4,108
Health & Counselling Services	3,837	3,908	(71)	3,759	3,727	32	78	181	(103)	399	328
The Print Shop & Campus Card	2,739	3,628	(889)	3,038	2,792	246	(299)	836	(1,135)	1,461	572
Ancillary Property Rentals	2,244	2,308	(64)	2,434	2,434	-	(190)	(126)	(64)	744	680
University Centre	1,740	1,400	340	1,742	3,742	(2,000)	(2)	(2,342)	2,340	3,050	3,390
Carleton Performance Centre	654	596	58	769	723	46	(115)	(127)	12	118	176
Bookstore	662	653	9	648	554	94	14	99	(85)	298	307
Ancillary Capital Fund	2,105	1,714	391	2,133	1,710	423	(28)	4	(32)	4,932	5,323
Total Ancillaries	64,399	62,557	1,842	69,019	68,668	351	(4,620)	(6,111)	1,491	38,924	40,766
										744	680
										38,180	40,086
										38,924	40,766

Unappropriated fund balance  
Appropriated fund balance



# FINANCIAL REPORT

## TO THE BOARD OF GOVERNORS

# 2019-2020

Office of the Vice-President (Finance and Administration)  
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