

*The Board of Governors acknowledges and respects the Algonquin First Nation, on whose traditional territory the Carleton University campus is located.*

**The 632<sup>nd</sup> Meeting of the Board of Governors**  
**Thursday, October 4<sup>th</sup>, 2022 at 3:00 p.m.**  
**Richcraft Hall 2440R**

**AGENDA**

**OPEN SESSION**

**1. CALL TO ORDER AND CHAIR'S REMARKS**

**2. DECLARATION OF CONFLICT OF INTEREST**

**3. APPROVAL OF OPEN AGENDA**

- The agenda was circulated with the meeting material.

**4. OPEN CONSENT AGENDA**

- Circulated with this agenda is a Consent Agenda which lists items presented to the Board for action or for information.

**5. OPEN – ITEM(S) FOR APPROVAL**

5.1 Audited Financial Statements for year ended April 30, 2022 and Audit Finding Report (M. Fraser & L. Dyke)

- Executive summaries, reports and presentations were circulated in advance.

**6. OPEN – ITEM(S) FOR INFORMATION**

6.1 Senate Annual Report (E. Sloan)

- Executive summary and report were circulated in advance.

6.2 Report from the Chair (G. Farrell)

- A verbal report will be given.

6.3 President's Goals and Objectives for 2022/2023 (G. Farrell)

- A memo was circulated in advance.

6.4 Report from the President (B.A. Bacon)

- A written report was circulated in advance.

6.5 Committee Chair Updates

- a) Advancement and University Relations (K. Furlong)
- b) Building Program (A. Tremblay)
- c) Finance (P. Dion)
- d) Governance (B. O'Connor)

**7. OPEN – OTHER BUSINESS**

**8. OPEN - QUESTION PERIOD**

**9. END OF OPEN SESSION AND BRIEF NETWORKING BREAK**

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# **AGENDA ITEM**

## **5.1**

<b>To:</b>	Board of Governors	<b>Date of Report:</b> 5 August 2022
<b>From:</b>	Chair, Audit and Risk Committee	<b>Date of Meeting:</b> 4 October 2022
<b>Subject:</b>	<b>Audited Financial Statements for Year ending April 30, 2022</b>	
<b>Responsible Portfolio:</b>	Vice-President (Finance and Administration)	

## 1.0 PURPOSE

For Approval    For Information    For Discussion

## 2.0 MOTION

On the recommendation of the Audit and Risk Committee, move to approve Carleton's 2021-22 Consolidated Financial Statements and the Audit Findings Report, as presented.

## 3.0 EXECUTIVE SUMMARY

The draft Consolidated Financial Statements and Audit Findings Report are presented to the Audit Committee for review and approval. The Management Discussion and Analysis (MD&A) section of the annual Financial Report and management's presentation highlight the most significant changes to the 2021-22 Consolidated Financial Statements. The Audit Findings Report provides committee members with information to assist them in the review of the audit of the financial statements.

## 4.0 INPUT FROM OTHER SOURCES

The Consolidated Financial Statements were prepared by management and audited by the external auditing firm of KPMG. As part of their audit, KPMG prepared the Audit Findings Report, which describes the audit process, identifies audit risks and results, and highlights internal control observations. Management's annual Financial Report presented to the Finance Committee provides additional information in support of the audited Financial Statements.

## 5.0 ANALYSIS AND STRATEGIC ALIGNMENT

The Auditor reported that the Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Carleton University as at April 30, 2022, and its consolidated results of operations, consolidated changes in net assets and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The Audit Findings Report indicates that there were no significant changes to the audit plan originally presented in February, and that KPMG did not identify any differences requiring adjustment, nor did it identify any control deficiencies in the internal controls over financial reporting. It also reported that any significant financial reporting risks had been addressed in the audit and they were satisfied with the reasonability of critical accounting estimates regarding employee future benefit liabilities and long-term debt.

## 6.0 FINANCIAL IMPLICATIONS

There are no financial implications in the review and approval of the financial statements and auditor findings report.

## 7.0 RISK, LEGAL AND COMPLIANCE ASSESSMENT

Carleton's financial reporting requirements includes (external) audited financial statements, (internal) financial statements and analysis, and reports prepared for various external users. These users cover amongst others; the Ministry of Colleges and Universities, the Council of Ontario Finance Officers (COFO), Canadian Association of University Business Officers (CAUBO), and the Canadian information return for the Canada Revenue Agency. The University is in full compliance with its external reporting requirements. The risk associated with financial statements findings by the auditor relates to material misstatements in the annual financial statements and/or ineffective controls over financial reporting. The report from KPMG suggests that these risks have been properly mitigated and the university's internal controls over financial reporting are appropriate.

## 8.0 REPUTATIONAL IMPLICATIONS AND COMMUNICATIONS STRATEGY

Reputational risks relate to reporting (material) misstatements or non-disclosure in the university's audited Consolidated Financial Statements or annual Financial Report. The independent audit of the Consolidated Financial Statements and resulting unqualified auditor's opinion serve to minimize that risk.

## 9.0 OVERALL RISK MANAGEMENT ANALYSIS

	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
STRATEGIC	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LEGAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OPERATIONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TECHNOLOGICAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FINANCIAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REPUTATIONAL	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>To:</b>	Board of Governors	<b>Date of Report:</b> 8 August 2022
<b>From:</b>	Chair, Finance Committee	<b>Date of Meeting:</b> 4 October 2022
<b>Subject:</b>	<b>Financial Report for Fiscal Year 2021-22</b>	
<b>Responsible Portfolio:</b>	Vice-President (Finance and Administration)	

### 1.0 PURPOSE

For Approval    For Information    For Discussion

### 2.0 MOTION

This report is for information only.

### 3.0 EXECUTIVE SUMMARY

The university's operating budget ended the 2021-2022 fiscal year with a surplus of \$6.4 million as compared to an opening break- even budget. There were a number of offsetting variances in the revenues and expenditures, such that the majority of the improvement as compared to budget related to not drawing on the strategic provision in the opening budget that was set aside for uncertain economic conditions. Though the number of first year intakes was up 2% over the prior year, tuition fees fell short of budget (\$3.9 million). However, other income and expenditure had positive variations of \$10.3 million, resulting in an overall surplus of \$6.4 million, which was appropriated for future strategic needs.

The ancillary operation results improved significantly over the prior year, and compared to budget, as in-person campus activity resumed. The combined surplus for ancillaries was \$1.2 million in 2021-22, as compared to a budgeted deficit of \$11.5 million and a deficit of \$18.9 million in 2020-21. Housing, Conference and Dining Services, Recreation and Athletics, and Health and Counselling Services all ended the year with positive results, while small deficits were experienced in most other ancillary units. Parking Services and The Print Shop continue to be most impacted by the smaller campus presence, experiencing a combined deficit of \$2.6 million in 2021-22. Most of the ancillary units have accumulated reserves, which now stand collectively at \$23.1 million.

External research funding received continues to be strong, with \$92.5 million received in 2021-22, as compared to \$99.7 million in the previous year. Actual expenditures in sponsored research amounted to \$83.9 million in 2021-22.

The university continues to be in a strong cash position with \$809.1 million in operating cash and marketable securities, compared to \$603.8 million one year earlier. This includes the proceeds of the \$220 million bond issued in June 2021 for the university's capital program. During the year, \$43.7 million was invested in capital assets, which included the Engineering Design Centre, the Nicol Building, as well as work on our Campus Transportation Strategy and deferred maintenance.

Unrestricted net assets mostly represent the liability associated with employee future benefits. The increase in this liability is mainly due to the softening of the equity markets on the assets that support the pension liability. This resulted in the \$82.5 million asset as at April 30, 2021 being reduced to a \$53.9 million asset as at April 30, 2022, on an accounting basis.

Internally restricted net assets, at \$443.2 million, represent reserves available to faculties and departments, as well as specific centrally established reserves, including those for capital expenditures and future pension liabilities.

The endowment fund was also impacted somewhat by the market declines, decreasing in value by \$9.7 million, however this was after an income distribution of \$13.6 million.

Overall, the university's assets, and combined liabilities and net assets grew by \$200.4 million to \$1.9 billion.

#### 4.0 INPUT FROM OTHER SOURCES

The Annual Financial Report was prepared by Financial Services, with commentaries provided by management. The Consolidated Financial Statements were also prepared by management and subject to an audit by external auditors. To facilitate discussion of the financial results, a separate slide presentation is provided.

#### 5.0 ANALYSIS AND STRATEGIC ALIGNMENT

The Annual Financial Report and presentation (attached) provide the necessary information and analysis that will enable the Finance Committee to perform its review of the financial results of the university.

#### 6.0 FINANCIAL IMPLICATIONS

There are no financial implications in the review and discussion of this report.

#### 7.0 RISK, LEGAL AND COMPLIANCE ASSESSMENT

Carleton's financial reporting requirements includes (external) audited financial statements, (internal) financial statements and analysis, and reports prepared for various external users. These users cover amongst others; the Ministry of Colleges and Universities, the Council of Ontario Finance Officers (COFO), Canadian Association of University Business Officers (CAUBO), and the Canadian charity information return for the Canada Revenue Agency.

The University is in full compliance with its external reporting requirements.

The risk associated with financial reporting relates to material misstatements in the reporting and/or ineffective controls over financial reporting. This risk is appropriately mitigated by using KPMG to conduct financial audits.

#### 8.0 REPUTATIONAL IMPLICATIONS AND COMMUNICATIONS STRATEGY

Reputational risks relate to reporting (material) misstatements or non-disclosure in the University's Audited Consolidated Financial Statements or Annual Financial Report. The independent audit of the Consolidated Financial Statements and resulting unqualified auditor's opinion serve to minimize that risk.

#### 9.0 OVERALL RISK MANAGEMENT ANALYSIS

	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
<b>STRATEGIC</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>LEGAL</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>OPERATIONAL</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>TECHNOLOGICAL</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>FINANCIAL</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>REPUTATIONAL</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# Financial Results 2021-2022

## Finance Committee

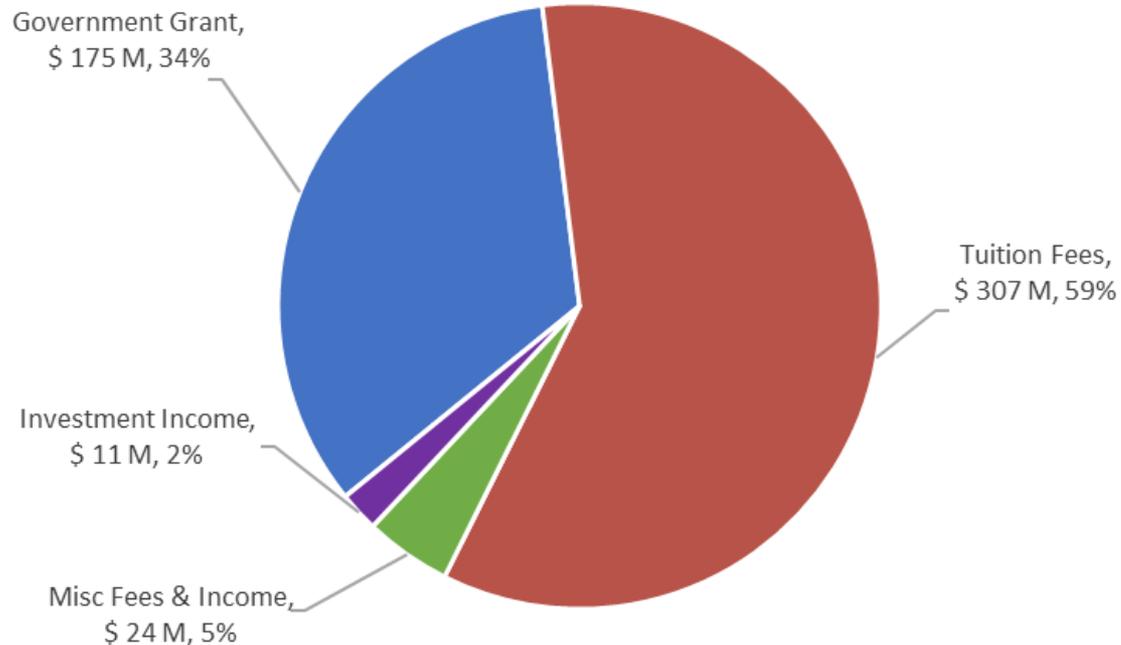
September 14, 2022

# Financial Highlights

- Balanced budget of \$517M
- First-year intake increased 2% over fall 2020; tuition under budget by \$3.9M
  - Graduate FTEs + 4.9%
  - Undergraduate FTEs - 4.6%
- Investment income of \$11.0M
  - \$1.0M over budget
- New appropriations of \$6.4M for strategic purposes in future years
- Capital additions of \$43.7M compared to \$59.9M in previous year
- Surplus of \$1.2M for ancillary operations, compared to \$18.9M deficit in prior year

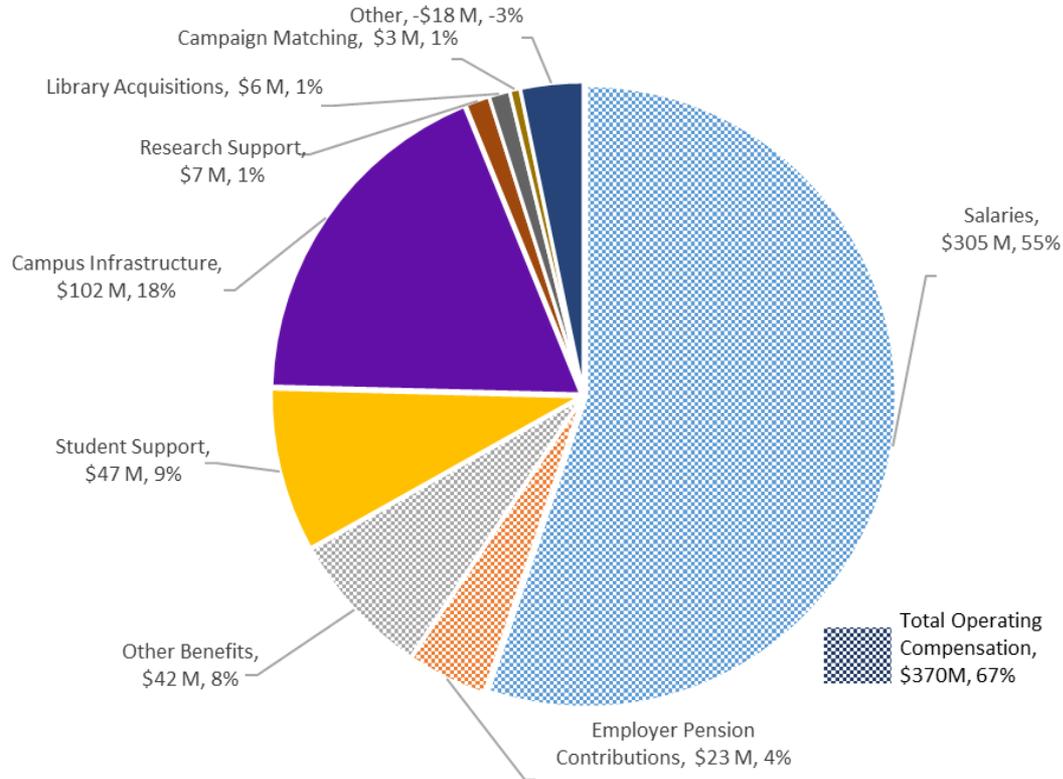
# Operating Results 2021-2022: Revenues

Operating Revenue: \$517 Million



# Operating Results 2021-2022: Expenditures & Appropriations

Operating Expenditures & Appropriations: \$517 Million



# Operating Results – Income Variations <sup>1</sup>

Income	\$M
Government Grant <sup>2</sup>	(\$ 2.1)
Tuition Fees <sup>3</sup>	(\$ 3.9)
Investment Income <sup>4</sup>	\$ 1.0
Other Income <sup>5</sup>	<u>\$ 2.3</u>
Total Income Variation	(\$ 2.7)

Notes on Income Variations:

1. Excludes income directly offset by additional expenses
2. Grant variance due to timing difference on Performance grants
3. Expedited graduation rates & prior year drop in first-year intake resulted in a negative tuition variance
4. Equity markets softened in 2021-2022 but still resulted in a positive variance
5. Positive variance due to application & deferred payment fee revenue

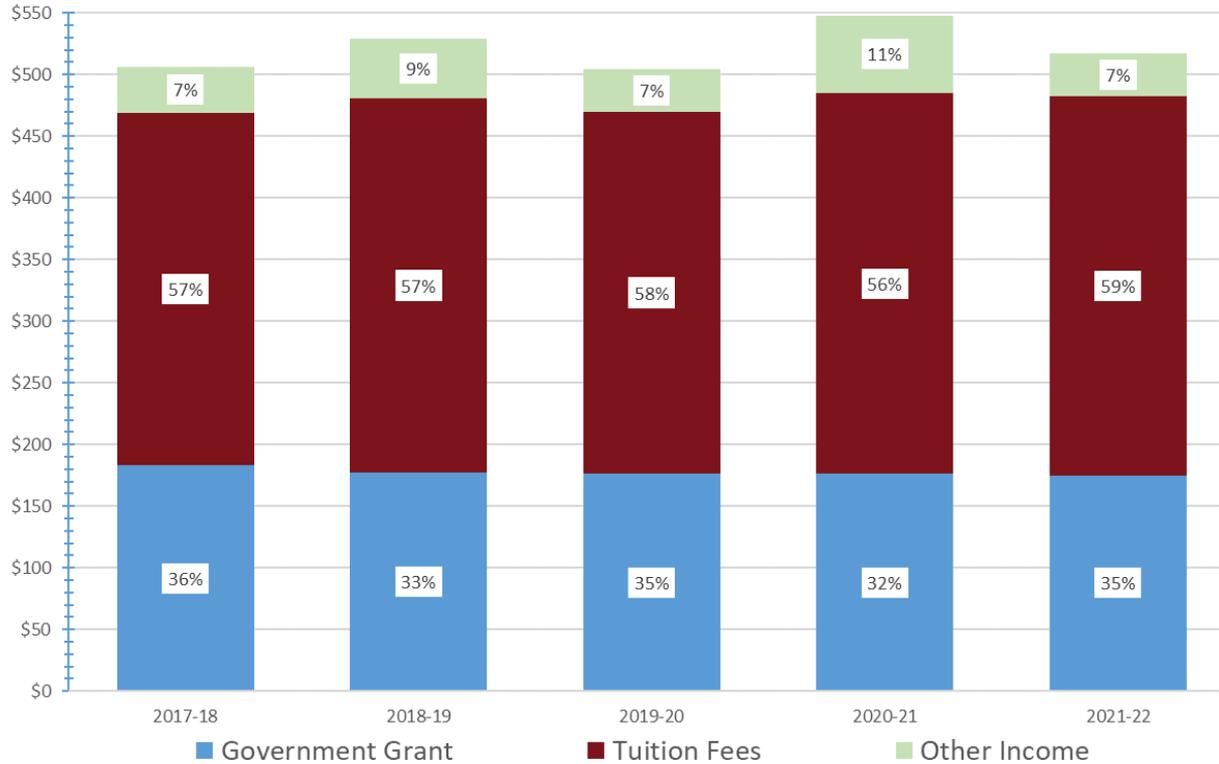
# Operating Results – Expenditure Variations

Expenditures	\$M
Unspent Reserve for future needs <b>1</b>	\$ 6.8
Enrolment Incentive <b>2</b>	\$ 2.7
Other Contingencies <b>3</b>	(\$ 1.4)
Underspent University Budgets	<u>\$ 1.0</u>
Total Expenditure Variation	\$ 9.1
Net Budget Improvement	\$ 6.4

## Notes on Expenditure Variations:

1. Given the economic uncertainty of the pandemic, the 2021-2022 budget included this reserve to either address any negative impacts, or be held for future strategic purposes
2. Only \$4.7M of the \$6.3M budgeted for enrolment incentives was required
3. Includes salary and mid-year contingencies

# Operating Income By Source (\$M)



Income of \$517M, \$31M lower than previous year

- Investment income was just over budget at \$11M this year, compared to the exceptional gains experienced in the prior year at \$43M

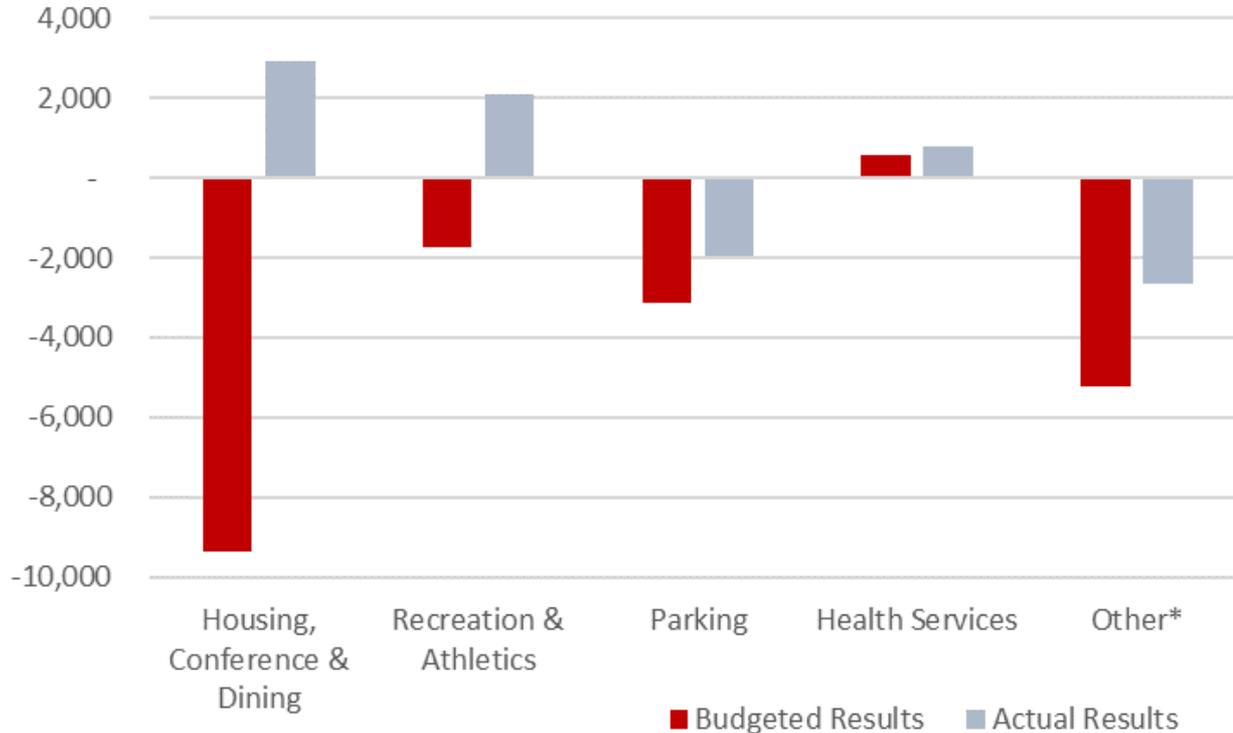
# Ancillary Results

	2021-22 Actual (\$000)	2021-22 Projections (\$000)	Variance To Projections	2021-22 Budget (\$000)
Revenue	49,174	47,720	1,454	54,928
Expenses and transfers	32,705	35,551	2,846	43,287
Renovations and capital debt	15,271	16,453	1,182	23,112
Surplus/(Deficit)	1,198	(4,284)	5,482	(11,471)
Accumulated closing surplus	23,071	17,589	5,482	10,402
Outstanding debt	85,361	85,361	-	85,361

Total Deferred Maintenance estimated at \$122 million

# Ancillary Results as Compared to Budget (\$000)

## Highlights



- Housing, Conference & Dining: occupancy rates at 85%, compared to 30% in previous year
- Recreation & Athletics: the football season & Panda Game returned in 2021, as well as summer camp programs
- Parking: fees resumed in September 2021 but limited activity on campus
- Health: over 50,000 visits in 2021, including 4,500 Covid-19 vaccines
- Other: includes add'l \$2M repayment on Alumni Hall & football stands loan from Ancillary Strategic Fund (ASF)

# Audited Financial Statements 2021-2022

Sept. 14, 2022

# Auditor's Report

- Auditor's opinion received without reservation
- No differences (adjusted or unadjusted) observed
- Audit work conducted on time and on budget
- No control deficiencies identified during audit

# Highlights of Changes (Year-over-Year)

- Deficit of Revenue over Expenses of \$18M compared to an excess of \$39M in previous year
  - The prior year excess was the result of significant investment returns whereas the current year deficit is a result of using reserves accumulated in prior years for planned capital and operational expenditures.
- Net Assets were lower by \$59M, decreasing from \$1,207M to \$1,148M
  - In addition to the \$18M deficit above, there was a \$29M positive adjustment to unfunded employee future benefits and \$10M in direct decreases to endowments related to unrealized investment losses, net of contributions.
- Increase of \$205M in cash and marketable securities and \$215M in LT Debt
  - \$220M bullet bond issued in June 2021

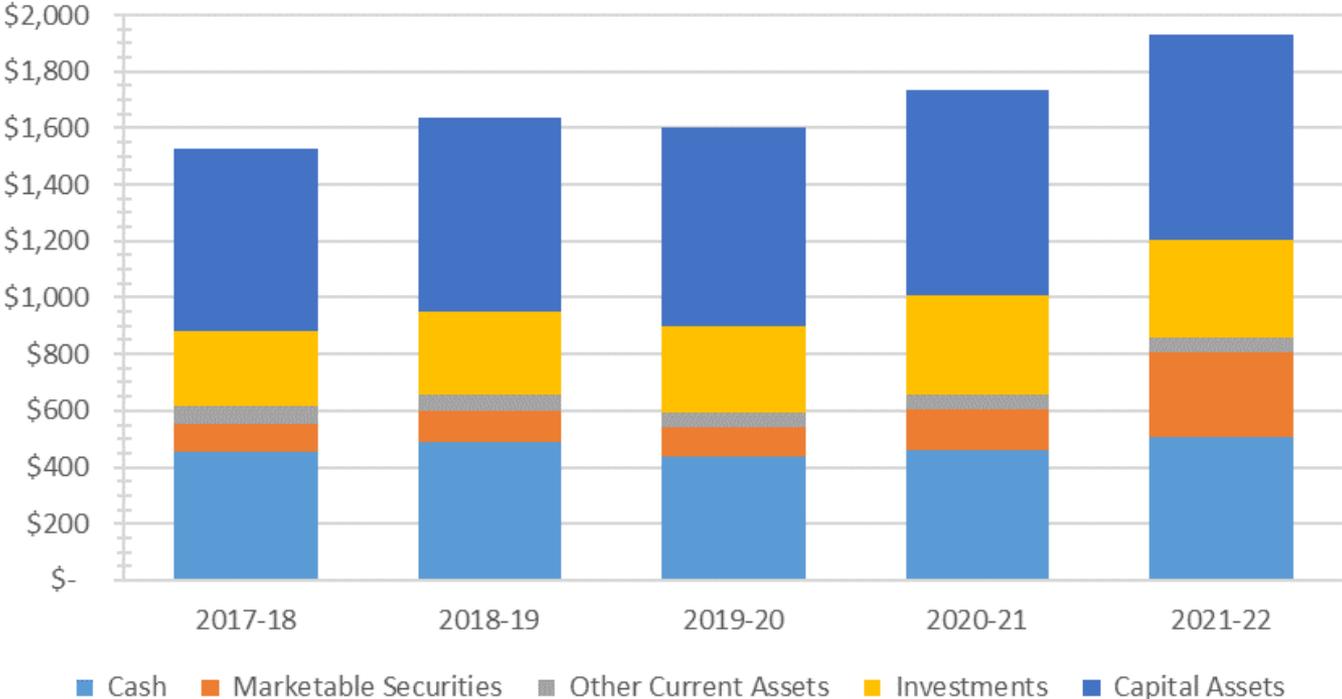
# Reconciliation of Operating Results

	2022	2021
Operating result per audited statements*	\$ (18)M	\$ 39M
Adjust for:		
Ancillary & Plant fund (surplus)/deficit	\$ ( 6)M	\$ 19M
Capital Assets	\$ 1 M	\$ (34)M
Employee future benefits	\$ 6 M	\$ 13M
Appropriation (increase)/decrease	\$ 26 M	\$ (28)M
Other	<u>\$ (9)M</u>	<u>\$ (9)M</u>
<b>Operating results per Financial Report</b>	<b>\$ -</b>	<b>\$ -</b>

\*Operating result per audited statements includes amounts from all operations (Operating, Ancillary Research, Capital), plus different recognition standards as defined by CPA Canada

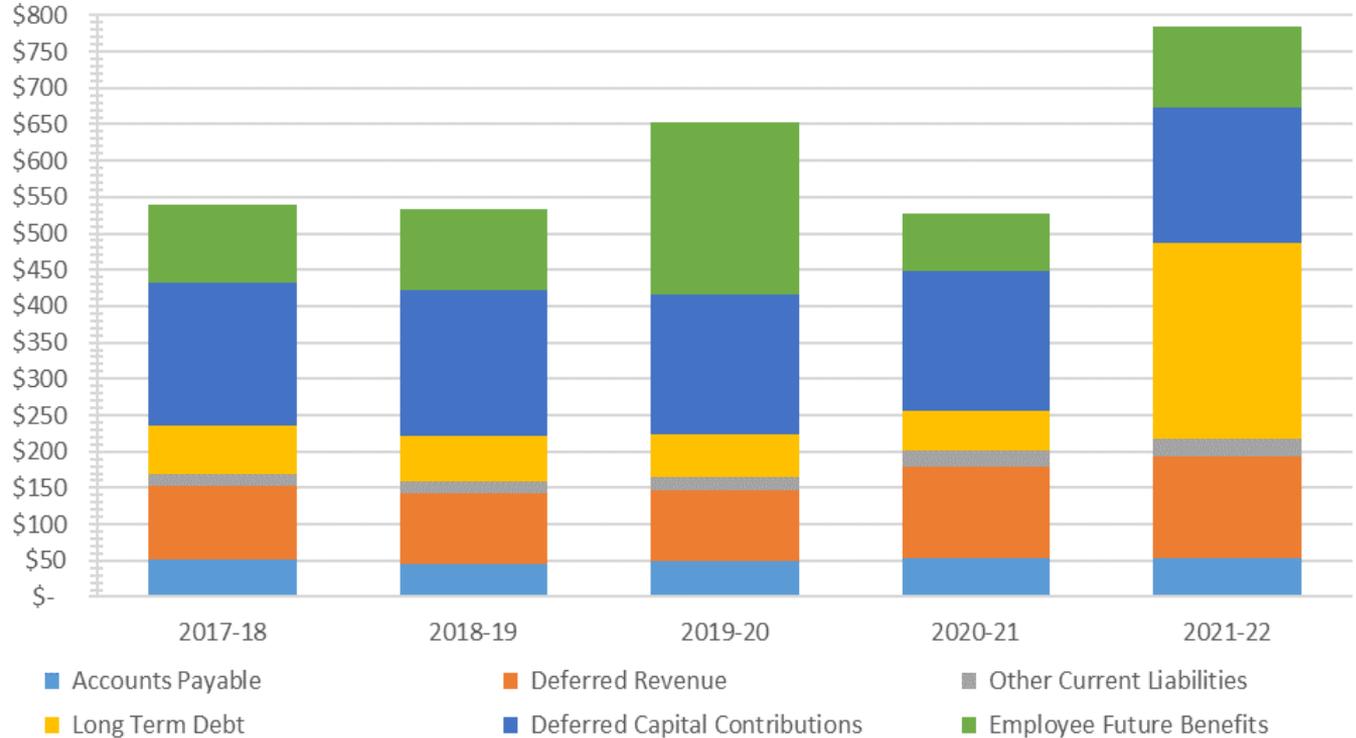
# Assets by Type – 5 Year Trend (\$Million)

- Cash & Marketable Securities +\$205M
- Investments -\$5M
- Capital Assets +\$2M



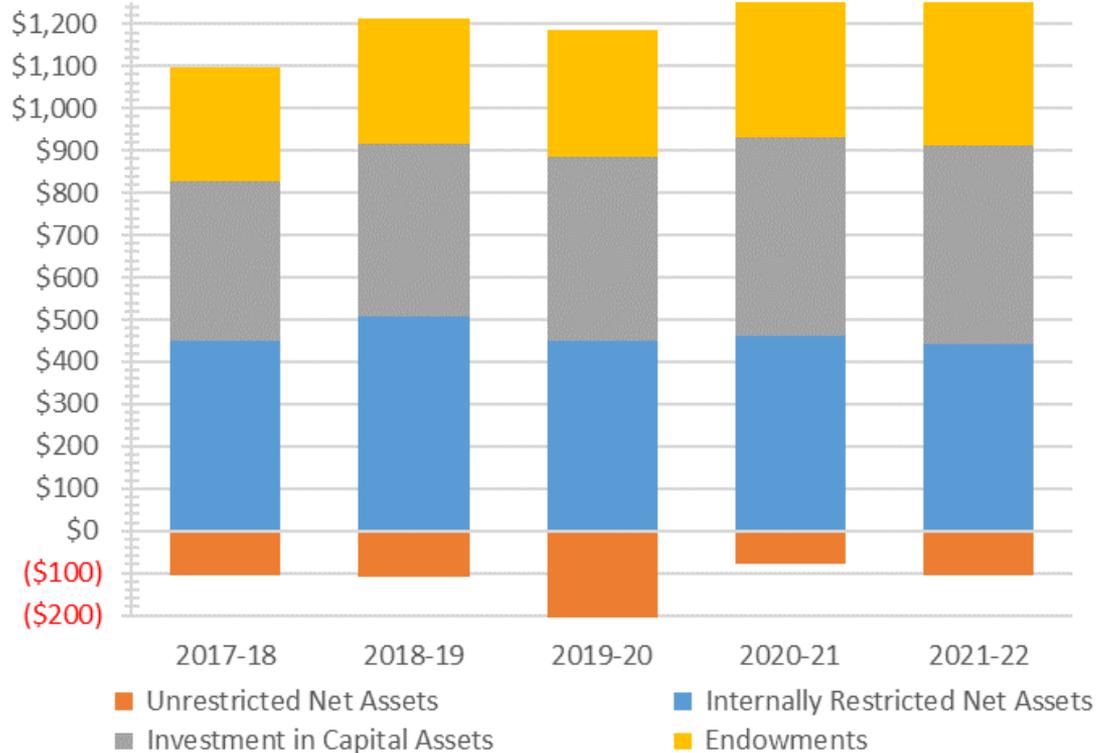
# Liabilities by Type – 5 Year Trend (\$Million)

- Long-term Debt +\$215M
- Employee Future Benefit Liability +\$33M
- Deferred Revenue +\$14M



# Net Assets by Type – 5 Year Trend (\$Million)

- Endowments **-\$10M**
- Internally Restricted **-\$19M**
- Unrestricted Net Assets **-\$29M**
  - Due to additional unfunded Employee Future Benefit obligation



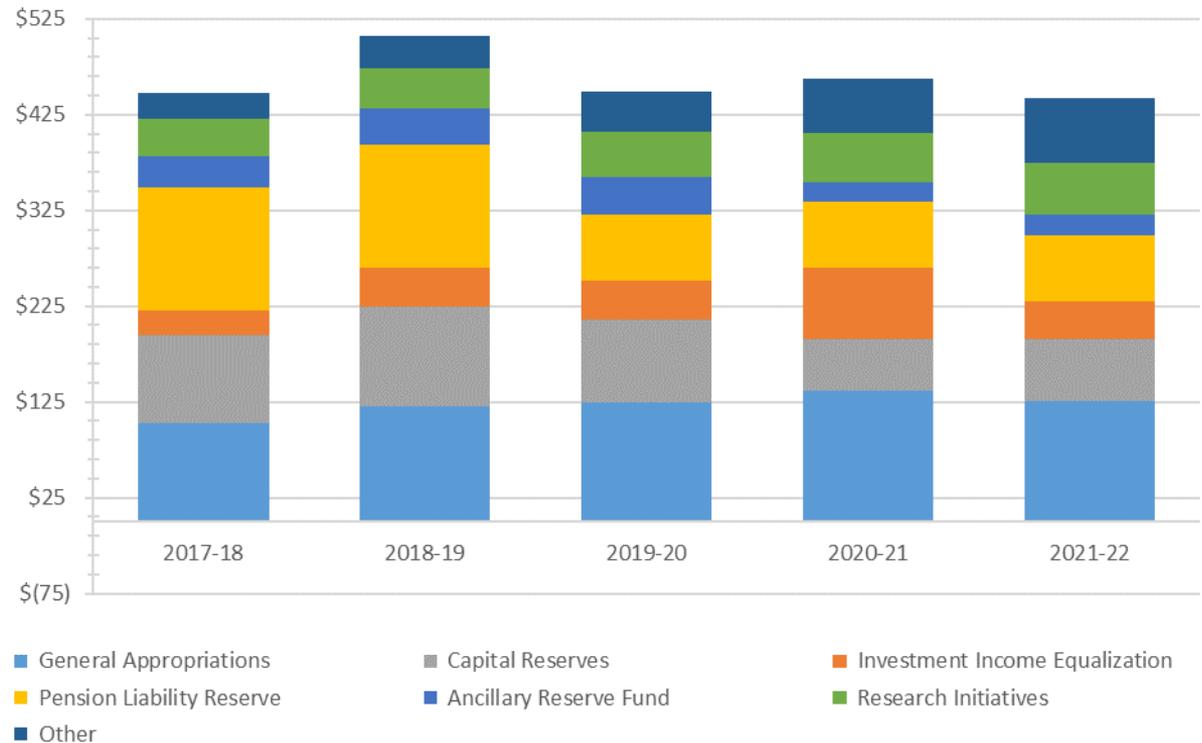
# Internally Restricted Net Assets – 5 Year Trend (\$Million)

Capital Reserve (\$65M) covers future commitments/plans for following projects:

- Campus Transportation Strategy
  - \$5M
- New Student Residence
  - \$10M
- 22/23 Project Commitments
  - \$3M

Pension reserve stands at \$69M, to mitigate against risks associated with market impact on plan assets

General & Ancillary reserves will continue to be utilized to meet strategic goals and offset any lingering financial effects of the pandemic.



Consolidated Financial Statements of

**CARLETON UNIVERSITY**

Year ended April 30, 2022

DRAFT

# CARLETON UNIVERSITY

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Year ended April 30, 2022

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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Carleton University

### ***Opinion***

We have audited the consolidated financial statements of Carleton University (the "Entity"), which comprise:

- the consolidated statement of financial position as at April 30, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2022, and its consolidated results of operations, its consolidated changes in net assets and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

(Date)

# CARLETON UNIVERSITY

## Consolidated Statement of Financial Position

April 30, 2022, with comparative information for 2021  
(in thousands of dollars)

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 507,947	\$ 462,709
Marketable securities	301,108	141,055
Accounts receivable (note 3)	31,946	33,110
Prepaid expenses	10,200	11,059
Current portion of net investment in lease (note 5)	999	935
	<u>852,200</u>	<u>648,868</u>
Investments (note 4)	347,122	351,648
Net investment in lease (note 5)	4,742	5,741
Tangible capital and intangible assets (note 6)	705,099	702,529
Collections (note 7)	24,909	24,909
	<u>\$ 1,934,072</u>	<u>\$ 1,733,695</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 52,871	\$ 52,792
Deferred revenue (note 9)	139,925	126,210
Accrued leave	19,148	18,255
Current portion of long-term debt (note 10)	4,582	4,323
	<u>216,526</u>	<u>201,580</u>
Long-term debt (note 10)	270,402	54,984
Deferred capital contributions (note 11)	186,327	191,527
Employee future benefits liability (note 12(a))	112,479	79,050
Net assets (deficit):		
Unrestricted	(107,155)	(78,370)
Internally restricted (note 13(b))	443,239	461,850
Investment in tangible capital and intangible assets (note 14)	444,079	445,151
Investment in collections (note 7)	24,909	24,909
Endowments (note 15)	343,266	353,014
	<u>1,148,338</u>	<u>1,206,554</u>
Contingent liabilities and commitments (notes 16 and 17)		
	<u>\$ 1,934,072</u>	<u>\$ 1,733,695</u>

See accompanying notes to consolidated financial statements.

# CARLETON UNIVERSITY

## Consolidated Statement of Operations

April 30, 2022, with comparative information for 2021  
(in thousands of dollars)

	2022	2021
Revenue:		
Government grants for general operations	\$ 170,832	\$ 173,896
Fees	349,278	336,036
Research grants and contracts	73,351	69,527
Sales and services	11,069	5,063
Donations	11,279	12,002
Investment income	20,716	51,369
Amortization of deferred capital contributions (note 11)	13,051	12,448
Other revenue (note 18)	17,577	11,215
	<u>667,153</u>	<u>671,556</u>
Expenses:		
Salaries	367,778	343,774
Benefits	39,938	39,532
Scholarships and bursaries	58,562	53,168
Amortization of tangible capital and intangible assets	41,143	37,990
Other expenses (note 19)	36,652	32,189
Externally contracted services and fees	35,146	27,083
Employee future benefits (note 12(b))	33,163	39,113
Renovations	31,518	21,019
Supplies	12,507	11,425
Utilities	11,789	9,960
Minor equipment and furnishings	11,600	12,580
Interest	2,590	2,870
Travel	2,561	1,736
	<u>684,947</u>	<u>632,439</u>
Excess (deficiency) of revenue over expenses	<u>\$ (17,794)</u>	<u>\$ 39,117</u>

See accompanying notes to consolidated financial statements.

# CARLETON UNIVERSITY

## Consolidated Statement of Changes in Net Assets

Year ended April 30, 2022, with comparative information for 2021  
(in thousands of dollars)

	Unrestricted	Internally restricted (note 13(b))	Investment in tangible capital and intangible assets (note 14)	Collections (note 7)	Endowments (note 15)	2022	2021
Net assets (deficit), beginning of year	\$ (78,370)	\$ 461,850	\$ 445,151	\$ 24,909	\$ 353,014	\$ 1,206,554	\$ 947,026
Excess (deficiency) of revenue over expenses	(17,794)	—	—	—	—	(17,794)	39,117
Employee future benefit re-measurements and other items (note 12(c))	(27,777)	—	—	—	—	(27,777)	170,592
Internally imposed restrictions	16,045	(18,611)	—	—	2,566	—	—
Internally endowed restrictions	(331)	—	—	—	331	—	—
Net change in investment in tangible capital and intangible assets (note 14)	1,072	—	(1,072)	—	—	—	—
Contributions to collections (note 7)	—	—	—	—	—	—	149
Endowment contributions and investment income (note 15)	—	—	—	—	21,186	21,186	17,790
Unrealized (loss) gain on endowment investments (note 15)	—	—	—	—	(33,831)	(33,831)	31,880
<b>Net assets (deficit), end of year</b>	<b>\$ (107,155)</b>	<b>\$ 443,239</b>	<b>\$ 444,079</b>	<b>\$ 24,909</b>	<b>\$ 343,266</b>	<b>\$ 1,148,338</b>	<b>\$ 1,206,554</b>

# CARLETON UNIVERSITY

Consolidated Statement of Changes in Net Assets (continued)

Year ended April 30, 2022, with comparative information for 2021  
(in thousands of dollars)

	Unrestricted	Internally restricted (note 13)	Investment in tangible capital and intangible assets (note 14)	Collections (note 7)	Endowments (note 15)	2022	2021
Details of year-end balance:							
Plant	\$ 4,647	\$ —	\$ —	\$ —	\$ —	\$ 4,647	\$ —
Ancillary	677	—	—	—	—	677	680
Provision for employee future benefits (note 12(a))	(112,479)	—	—	—	—	(112,479)	(79,050)
Appropriations – Operating	—	355,969	—	—	—	355,969	382,153
Research	—	54,417	—	—	—	54,417	50,395
Appropriations – Ancillary	—	22,394	—	—	—	22,394	21,195
Entrepreneurial initiatives	—	4,722	—	—	—	4,722	4,795
Professional development	—	4,207	—	—	—	4,207	3,305
Sinking Funds	—	1,518	—	—	—	1,518	—
Scholarships	—	12	—	—	—	12	7
Tangible capital and intangible assets	—	—	444,079	—	—	444,079	445,151
Collections	—	—	—	24,909	—	24,909	24,909
Endowment	—	—	—	—	343,266	343,266	353,014
<b>Net assets (deficit), end of year</b>	<b>\$ (107,155)</b>	<b>\$ 443,239</b>	<b>\$ 444,079</b>	<b>\$ 24,909</b>	<b>\$ 343,266</b>	<b>\$ 1,148,338</b>	<b>\$ 1,206,554</b>

# CARLETON UNIVERSITY

## Consolidated Statement of Cash Flows

Year ended April 30, 2022, with comparative information for 2021  
(in thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (17,794)	\$ 39,117
Add (deduct) non-cash items:		
Amortization of tangible capital and intangible assets	41,143	37,990
Amortization of deferred capital contributions	(13,051)	(12,448)
Unrealized losses (gains) on investments and marketable securities	26,834	(30,051)
Net change in other non-cash operating working capital (note 20)	16,710	33,784
Changes relating to employee future benefits:		
Employee future benefits contributions	(27,511)	(26,194)
Employee future benefits expenses	33,163	39,113
Net cash provided by operating activities	59,494	81,311
Financing activities:		
Issuance of debenture	220,000	-
Decrease in loans payable (note 10(a))	(4,323)	(4,079)
Capital contributions received (note 11)	7,851	11,958
Endowment contributions and investment income	21,186	17,790
Net cash used in financing activities	244,714	25,669
Investing activities:		
Net change in investments	(216,192)	(22,534)
Decrease in net investment in lease	935	876
Tangible capital and intangible assets additions	(43,713)	(59,856)
Net cash used in investing activities	(258,970)	(81,514)
Increase in cash and cash equivalents	45,238	25,466
Cash and cash equivalents, beginning of year	462,709	437,243
Cash and cash equivalents, end of year	\$ 507,947	\$ 462,709
Consisting of:		
Cash and cash equivalents on deposit	\$ 306,630	\$ 181,419
Outstanding cheques	(4,172)	(3,945)
Money market fund	-	8,670
Short-term bond and mortgage fund	205,489	276,565
	\$ 507,947	\$ 462,709
Interest paid	\$ 2,590	\$ 2,870

See accompanying notes to consolidated financial statements.

# CARLETON UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended April 30, 2022  
(in thousands of dollars)

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### 1. Description:

Carleton University (the “University”) was incorporated as a university in 1943 under the laws of the Province of Ontario. The University is dedicated to providing post-secondary and graduate education and to conducting research.

The University is a registered charity and therefore is, under section 149(1)(f) of the Income Tax Act (Canada), exempt from payment of income tax.

The consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. Accordingly, these consolidated financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose endowment funds and ancillary operations. These consolidated statements also include the assets, liabilities, deficit and operations of the University’s subsidiary and joint ventures as follows:

Sudbury Neutrino Observatory Institute is a joint venture of the University and three other Canadian universities, which performs research in sub-atomic physics. The University’s proportionate share of the Institute’s operations has been included in these consolidated financial statements.

The University is a member, along with 13 other universities, of TRIUMF, which performs research in particle and nuclear physics and is located on the campus of the University of British Columbia (UBC). Prior to June 1, 2021, TRIUMF was a joint venture and was an unincorporated registered charity. On June 1, 2021, TRIUMF transferred all of its assets and liabilities to TRIUMF Inc., a not-for-profit corporation. From that day onward, the University became a member of the corporation with the 13 other universities. Each university has an undivided 1/14 interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants, and the University has made no direct financial contribution to date. TRIUMF’s net assets are not contemplated to be and are not readily realizable by the University. The University’s proportionate share of TRIUMF’s operations has been included in these consolidated financial statements.

Carleton University Foundation (U.S.) (the “Foundation”) was incorporated without share capital on February 12, 1996 under the District of Columbia Non-Profit Corporation Act. The Foundation is not included in these consolidated financial statements. The objects of the Foundation, as established by the Internal Revenue Code of 1986, are to accept, receive, manage and distribute money and other property to support education and research at the University. The Foundation had minimal activity in the year.

# CARLETON UNIVERSITY

## Notes to Consolidated Financial Statements

Year ended April 30, 2022  
(in thousands of dollars)

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### 2. Summary of significant accounting policies:

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies.

(a) Basis of presentation:

The University uses the deferral method of accounting for contributions for not-for-profit organizations.

These consolidated financial statements do not reflect the assets, liabilities and results of operations of the various student organizations at the University, or the Foundation.

(b) Cash and cash equivalents:

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term deposits with an original maturity of ninety days or less.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The University is party to certain derivative financial instruments, principally interest rate swaps.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 2. Summary of significant accounting policies (continued):

### (c) Financial instruments (continued):

The University accounts for interest rate swaps as hedges. The University uses the accrual basis of accounting for hedges. At the inception of the hedging relationship, the University designated that hedge accounting would be applied and formally documented the hedging relationship between the swap and the loan. At inception and throughout the loan period, the critical terms of the swap and the loan are the same.

Gains or losses realized on settlement are deferred until the settlement of the swap. Payments and receipts under the interest rate swaps are recognized as adjustments to interest expense on long-term debt. The fair value of the swap is not recorded on the consolidated statement of financial position, but is disclosed in note 10(d).

### (d) Tangible capital and intangible assets:

Purchased tangible capital and intangible assets are recorded at cost. Donated tangible capital and intangible assets are recorded at an appraised value established by independent appraisal in the period received by the University. Land acquired prior to May 1, 2011 are recorded at deemed cost, being its fair value at May 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations. All subsequent purchases are recorded at cost.

Amortization is provided on a straight-line basis over the estimated useful life of the asset. When components of a capital asset have different useful lives, they are accounted for as separate items of capital assets and depreciated separately.

The estimated useful lives of assets are as follows:

Asset	Useful life
Tangible capital assets:	
Buildings and its components	20 to 40 years
Cogeneration facility	25 years
Equipment and furniture	10 years
Computer equipment	4 years
Automobiles	5 years
Library holdings	10 years
Intangible assets:	
Software	4 years

Construction costs are capitalized as work progresses and amortization commences in the period that the asset is available for use.

When a tangible capital or intangible asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

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## 2. Summary of significant accounting policies (continued):

(e) Art collection:

Purchases of items to be included in the collection are expensed. Donations of items to be included in the collection are recorded as direct increases in net assets at an appraised value established by independent appraisal in the period received by the University.

(f) Deferred capital contributions:

Contributions received for tangible capital and intangible assets are deferred in the accounts and amortized over the same term and on the same basis as the related capital asset.

(g) Recognition of revenue and other contributions:

(i) Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(ii) Contributions and investment income externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized.

(iii) Endowment contributions and restricted investment revenue earned for re-endowment are recognized as direct increases in net assets in the period in which they are received or earned.

(iv) Student fees are recognized as revenue in the period that the courses and seminars are held. Sales revenue is recognized at point of sale.

(v) Contract revenue is recognized as the service is provided.

(h) Internally imposed restrictions on net assets:

The University internally restricts the use of portions of its externally unrestricted net assets for specific future uses. When incurred, expenses are charged to operations, and the balance of internally restricted assets is reduced accordingly.

(i) Contributed services:

Volunteers, as well as members of the staff and faculty of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

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## 2. Summary of significant accounting policies (continued):

(j) Employee benefit plans:

The University accrues its obligations and related costs for funded employee future benefit plans as the employees render the service necessary to earn the pension and other retirement benefits, based on the latest going concern funding valuation. The actuarial determination of the accrued benefit obligations for pensions and other employee future benefits uses the projected method on service (which incorporates management's assumptions used for funding purposes, other cost escalation, retirement ages of employees and other actuarial factors). The actuarial valuation is performed at least every three years. In the years between valuations, pension plan results are prepared based on extrapolations of the latest available funding valuation results. The University has elected to accrue its obligations and related costs for unfunded plans on a basis consistent with funded plans. Assets of the employee future benefit plans are valued using fair values at the date of the consolidated financial statements.

The benefit plan expense for the year consists of the current service and finance costs. Re-measurements and other items are recorded directly on the consolidated statement of changes in net assets.

(k) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the consolidated financial statements in the period in which they become known.

Significant management estimates include assumptions used in determining the employee future benefits liability.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

### 3. Accounts receivable:

	2022	2021
Student	\$ 10,465	\$ 12,298
Research	10,284	8,992
Government	1,882	1,837
Other	10,609	11,982
	<u>33,240</u>	<u>35,109</u>
Less allowance for doubtful accounts	(1,294)	(1,999)
	<u>\$ 31,946</u>	<u>\$ 33,110</u>

### 4. Investments:

#### (a) Carrying value, cost and fair values:

The cost and fair value of the investments are as follows:

	2022		2021	
	Fair value	Cost	Fair value	Cost
Marketable securities	\$ 347,122	\$ 336,929	\$ 351,648	\$ 303,029

The carrying value of marketable securities is fair value.

#### (b) Purpose:

Investments held by the University include funds, which are permanently endowed or restricted in use as follows:

	2022	2021
	Carrying value	Carrying value
Endowments	\$ 342,869	\$ 347,491
Sprott Student Investment Fund	1,936	1,753
Parker loans for students	1,308	1,378
National Wildlife Research Centre Capital renewal	1,009	1,026
	<u>\$ 347,122</u>	<u>\$ 351,648</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 5. Net investment in lease:

Carleton University has entered into an agreement with Environment Canada under which Carleton University built the National Wildlife Research Centre (NWRC) on its property and leased the building to Environment Canada. The lease term is for 99 years starting May 1, 2002.

Carleton University's net investment in the direct financing lease consists of:

	2022	2021
Minimum lease payments receivable	\$ 6,500	\$ 7,800
Unearned financing revenue	(759)	(1,124)
	5,741	6,676
Less current portion of net investment in lease	(999)	(935)
Net investment in lease	\$ 4,742	\$ 5,741

At April 30, 2022, future minimum lease payments receivable under the direct financing lease are as follows:

2022-23	\$ 1,300
2023-24	1,300
2024-25	1,300
2025-26	1,300
2026-27	1,300
	<u>\$ 6,500</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 6. Tangible capital and intangible assets:

Tangible capital and intangible assets consist of the following:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Land	\$ 93,300	\$ -	\$ 93,300	\$ 93,300
Buildings and its components	884,149	349,524	534,625	531,665
Cogeneration facility	21,879	2,550	19,329	19,517
Equipment and furniture	99,627	56,140	43,487	42,523
Computer equipment	13,294	7,828	5,466	5,717
Automobiles	664	312	352	145
Library holdings	20,149	12,369	7,780	8,923
Intangible assets:				
Software	1,653	893	760	739
	<u>\$ 1,134,715</u>	<u>\$ 429,616</u>	<u>\$ 705,099</u>	<u>\$ 702,529</u>

Cost and accumulated amortization at April 30, 2021 amounted to \$1,101,237 and \$398,708, respectively. In the year, \$10,235 (2021 - \$13,013) of cost and accumulated amortization was removed from the respective balances for assets that had been fully-amortized and no longer in use.

Included in buildings and its components is \$27,757 (2021 - \$68,353) of construction in progress. As construction in progress is not yet in use, these assets are not amortized.

## 7. Collections:

The University has an art collection comprised of approximately 30,000 works of art. The collection focuses on three main areas. The first is twentieth-century Canadian art, in particular prints, drawings and photographs created since 1950. The second is European works on paper, in particular French prints from the 18th and 19th centuries. The third is Indigenous (Inuit, Métis and First Nations) art in all forms, including prints, drawings, sculptures and textiles. In 2022, no donations of art were received (2021 - \$149).

## 8. Accounts payable and accrued liabilities:

As at year end, the University had \$5,440 (2021 - \$5,016) payable for government remittances, including harmonized sales tax/goods and services tax and payroll remittances.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 9. Deferred revenue:

Deferred revenue includes deposits, prepayments on contracts and deferred contributions received by the University. Deferred contributions are unspent externally restricted grants and donations received in the current and prior years for expenditures in a future year.

Details of the year-end balances are as follows:

	2022	2021
Research	\$ 69,891	\$ 61,237
Donations	12,308	13,625
Student fees	11,893	14,205
Grants	11,254	6,565
Student aid	8,398	7,692
Other	26,181	22,886
	<u>\$ 139,925</u>	<u>\$ 126,210</u>

Research includes the unexpended portion of restricted research grants and prepayments on research contracts.

Donations are the unexpended portion of donor restricted gifts to be spent on specific items in future years.

Grants are unexpended restricted grants to be spent on specific items in future years.

Student aid is the unexpended donations and interest to be spent on student aid and other special purposes.

Student fees are tuition and related amounts received for courses beginning after April 30.

Other deferred revenue includes deposits and prepayments on contracts.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 10. Long-term debt:

As at April 30, 2022, the University has principal outstanding of \$274,984 (2021 - \$54,984) under long-term debentures and loans.

### (a) Details of long-term debt:

	Maturity	Interest rate	2022 Principal outstanding	2021 Principal outstanding
Unsecured debenture, Series A Interest payable in equal semi-annual payments	2061	3.264%	\$ 220,000	\$ -
Loans payable:				
Leeds Residence	2027	6.782%	6,025	7,183
Prescott Residence	2029	6.549%	8,004	8,985
Frontenac Residence	2039	4.930%	11,098	11,481
Lennox & Addington Residence	2042	3.110%	24,099	24,972
NWRC loan	2028	6.710%	5,758	6,686
			54,984	59,307
			274,984	59,307
Less current portion of long-term debt			(4,582)	(4,323)
			\$ 270,402	\$ 54,984

### (b) Long-term debt repayments:

Principal repayments under the mortgage and loan agreements are as follows:

2022-23	\$ 4,582
2023-24	4,858
2024-25	5,149
2025-26	5,461
2026-27	4,624
Thereafter	250,310
	<u>\$ 274,984</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 10. Long-term debt (continued):

### (c) Debenture:

At April 30, 2022 the University was in the process of establishing a sinking fund investment by purchasing units in the endowment fund to provide funding to repay the Series A senior unsecured debenture maturing on July 5, 2061. As the investment was not completed until May 2022, the University has internally restricted \$1,518 (2021 - \$Nil) for sinking funds (note 10).

### (d) Interest rate swaps:

The University has entered into interest rate swap agreements to manage the volatility of interest rates. The University converted a net notional \$101,758 of floating rate debt for fixed rate debt ranging from 3.110% to 6.782%. The related derivative agreements are in place until the maturity of the debts in 2027, 2028, 2029, 2039, and 2042.

These interest rate swaps qualify, and have been designated by the University, as cash flow hedging items against the floating rate long-term debt. The University has assessed the hedging relationship as effective. The fair value of the interest rate swaps at April 30, 2022 is estimated to be \$1,588 (2021 - \$7,818) which represents the amount the University would have to pay if the swap agreements were terminated on that date. The University is current with respect to the required payments under the loan and swap agreements.

## 11. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of tangible capital and intangible assets. The amortization of the deferred capital contributions is recorded as revenue in the consolidated statement of operations. The changes in the deferred capital contributions balance are as follows:

	2022	2021
Balance, beginning of year	\$ 191,527	\$ 192,017
Less amortization of deferred capital contributions	(13,051)	(12,448)
Add capital contributions received:		
Contributions for equipment and buildings	6,902	6,136
Donated assets	949	5,822
	7,851	11,958
Balance, end of year	\$ 186,327	\$ 191,527

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 12. Employee future benefits:

(a) Employee future benefits liability:

	2022	2021
Post-employment and post-retirement benefit plans	\$ 166,392	\$ 161,519
Pension plan asset	(53,913)	(82,469)
	<u>\$ 112,479</u>	<u>\$ 79,050</u>

(b) Employee future benefits expense:

	Current service cost	Carrying amortization	2022	2021
Post-employment and post-retirement benefit plans	\$ 6,700	\$ 9,692	\$ 16,392	\$ 15,621
Pension plan	21,719	(4,948)	16,771	23,492
	<u>\$ 28,419</u>	<u>\$ 4,744</u>	<u>\$ 33,163</u>	<u>\$ 39,113</u>

During the year, the University made cash contributions included in the total above of \$4,799 (2021 - \$4,620) and \$22,712 (2021 - \$21,574), respectively.

(c) Re-measurements and other items:

	2022	2021
Post-employment and post-retirement benefit plans	\$ (6,720)	\$ (12,756)
Pension plan	34,497	(157,836)
	<u>\$ 27,777</u>	<u>\$ (170,592)</u>

(d) Post-employment and post-retirement benefit plans:

The University has defined post-retirement benefit plans (other than pensions) and defined post-employment benefit plans covering substantially all of its employees. These plans provide health, dental and severance benefits to eligible employees. The most recent full actuarial valuation of employee future benefits was completed as at April 30, 2022.

Similar to many non-pension benefit plans in Canada, the University's plans are not pre-funded, resulting in plan deficits equal to the accrued benefit obligation.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 12. Employee future benefits (continued):

### (e) Pension plan and pension plan liability:

The University contributes to the Carleton University Retirement Plan which is a defined contribution pension plan with a defined benefit minimum guarantee, covering substantially all full-time employees of the University.

An actuarial valuation of the Plan as of July 1, 2019 determined that the Plan had a \$59,277 unfunded going-concern liability and an unfunded \$120,998 hypothetical wind-up/solvency liability as at July 1, 2019. Subsequent to July 1, 2019, the University made lump sum special payments totaling \$61,729 into the pension fund for the period from July 1, 2019 to March 31, 2020. As a result, no University special payments are required to be made for the period from April 2020 to June 2023. The next actuarial valuation for funding purposes is required July 1, 2022, which will determine the minimum funding requirement commencing July 1, 2023.

An actuarial valuation roll-forward for funding purposes was performed as at April 30, 2022, the measurement date for financial reporting purposes.

Accrued benefit asset:

The reconciliation of the funded status of the Plan to the amounts recorded in the consolidated financial statements is as follows:

	2022	2021
Accrued benefit obligation	\$ 1,511,798	\$ 1,495,677
Less: fair value of Plan assets	1,565,711	1,578,146
Accrued benefit asset	\$ (53,913)	\$ (82,469)

## 13. Net assets:

### (a) Capital management:

The University's overall objective for its capital is to fund tangible capital and intangible assets, future projects and ongoing operations. The University manages its capital by appropriating amounts to internally restricted net assets for anticipated future projects, contingencies and other capital requirements. These allocations are disclosed in note 13(b).

The University also considers its endowments, as disclosed in notes 4(b) and 15 as part of its capital. The University's objective with regards to endowments is to grow the endowment principal such that it preserves the original capital investment and provides the prescribed distribution rate described in note 15.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 13. Net assets (continued):

### (a) Capital management (continued):

Under the direction of its Board of Governors, the University is required to present a balanced budget each year.

The University is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

### (b) Internally restricted net assets:

Internally restricted net assets are funds restricted by the University for future commitments and projects to improve and invest in the University's campus facilities, information systems, equipment, programs and student aid.

Internally restricted net assets have been designated for the following purposes:

	2022	2021
General appropriations	\$ 164,940	\$ 211,669
Pension liability reserve	69,212	69,212
Capital reserve	65,274	54,035
Student aid funds	5,636	4,613
Other projects and initiatives	50,907	42,624
Total operating appropriations	355,969	382,153
Research initiatives	54,417	50,395
Ancillary reserve fund	22,394	21,195
Entrepreneurial initiatives	4,722	4,795
Professional development funds	4,207	3,305
Sinking funds	1,518	-
Scholarship funds	12	7
	<u>\$ 443,239</u>	<u>\$ 461,850</u>

- (i) General appropriations relate to funds held centrally and within academic units to support long-term strategic initiatives as well as economic uncertainties.
- (ii) Capital reserve funds relate to operating funds that have been allocated to capital improvements and additions, as well as for addressing the university's deferred maintenance.
- (iii) Pension liability reserve represents funds set aside to cover future pension liabilities.
- (iv) Student aid funds relates to funds available to provide financial support to students.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 13. Net assets (continued):

(b) Internally restricted net assets (continued):

- (v) Other projects and initiatives relates to funding set aside to support various initiatives, including improvements to campus facilities and infrastructure, as well as other initiatives aimed at improving the quality of the university's activities and programs.
- (vi) Research initiatives relates to funds that have been internally restricted for research activities.
- (vii) Ancillary reserve fund relates to funding available for improving ancillary programs and physical facilities.
- (viii) Entrepreneurial initiatives represents funds earmarked for the continuation of providing entrepreneurial activities at the university, including professional development services and seminars, non-credit course offerings, and contract services.
- (ix) Professional development funds are funds reserved for the professional development of faculty members.
- (x) Sinking funds have been established to fund the principal repayments of the bullet debenture held by the University, as disclosed in Note 10.
- (xi) Scholarship funds relates to funds that do not have donor placed restrictions on them, but have been internally earmarked for student support in future years.

## 14. Investment in tangible capital and intangible assets:

The investment in tangible capital and intangible assets consists of the following:

	2022	2021
Tangible capital and intangible assets	\$ 705,099	\$ 702,529
Less amounts financed by:		
Deferred capital contributions	(186,327)	(191,527)
Loans payable (Leeds, Prescott, Frontenac Lennox & Addington residences)	(49,226)	(52,621)
Other short-term financing	(25,467)	(13,230)
	<u>\$ 444,079</u>	<u>\$ 445,151</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 14. Investment in tangible capital and intangible assets (continued):

The net change in investment in tangible capital and intangible assets is calculated as follows:

	2022	2021
Tangible capital and intangible assets additions:		
Total additions	\$ 43,713	\$ 59,856
Less:		
Donated assets	(949)	(5,822)
Additions financed with grants	(6,902)	(6,136)
	<u>35,862</u>	<u>47,898</u>
Financing:		
Loans payable	3,395	3,210
Other short-term financing	(12,237)	8,375
	<u>(8,842)</u>	<u>11,585</u>
Amortization of deferred capital contributions	13,051	12,448
Amortization of tangible capital and intangible assets	(41,143)	(37,990)
	<u>(28,092)</u>	<u>(25,542)</u>
Net change in investment in tangible capital and intangible assets	<u>\$ (1,072)</u>	<u>\$ 33,941</u>

## 15. Endowments:

Contributions restricted for endowment consist of monies received primarily as benefactions and which either the donor or the Board of Governors has designated as endowment. The annual income earned from funds designated as endowment by the donor may be expended only for the purpose designated. If no purpose is designated by the donor then the income is expended at the direction of the Board. Monies designated as endowment by the Board are unrestricted and the principal and annual income may be expended at its direction.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 15. Endowments (continued):

Investment income earned on endowed investments is distributed at a rate of 4% (2019 - 4%) of the moving average market value over four years of the endowment fund investments. Actual investment income earned in excess of the distributed amount is accumulated in the endowment fund for future distribution and to maintain capital.

	Externally endowed	Board designated	Total 2022	Total 2021
Donations and bequests	\$ 6,112	\$ -	\$ 6,112	\$ 8,004
Internal contributions	2,566	-	2,566	3,433
Realized gains on sale of investment	25,227	885	26,112	20,496
Investment income	3,869	205	4,074	2,255
Income distributions	(14,022)	387	(13,635)	(12,664)
	23,752	1,477	25,229	21,524
Unrealized gains (losses) on investments	(33,831)	(1,146)	(34,977)	32,878
Net change in year	(10,079)	331	(9,748)	54,402
Fund balance, beginning of year	344,134	8,880	353,014	298,612
Fund balance, end of year	\$ 334,055	\$ 9,211	\$ 343,266	\$ 353,014

The endowment balance consists of:

	2022	2021
Cumulative endowment principal	\$ 219,571	\$ 210,893
Cumulative undistributed investment income	118,509	101,958
Cumulative unrealized gains	5,186	40,163
Endowment balance on endowment investments	\$ 343,266	\$ 353,014

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

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## 16. Contingent liabilities and commitments:

At April 30, 2022, commitments for future acquisitions, construction and renovations amounted to approximately \$19,505 (2021 - \$34,258).

Letters of credit totaling \$14,812 (2021 - \$12,867) were issued on behalf of the University at year-end.

A decommissioning plan has been approved by the members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission (CNSC) that requires all members to be severally responsible for their share of the decommissioning costs as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has complied with federal legislation by putting a decommissioning plan in place for funding the cost of decommissioning that does not require any payments from the members of the joint venture.

## 17. Canadian Universities Reciprocal Insurance Exchange:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance co-operative comprised of Canadian universities and colleges. CURIE insures property damage, general liability and errors and omissions risks. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts.

## 18. Other revenue:

	2022	2021
Commissions and sponsorships	\$ 5,738	\$ 1,899
Medical insurance recoveries	1,183	1,234
Salary and benefit recoveries	1,212	1,057
Miscellaneous	9,444	7,025
	<u>\$ 17,577</u>	<u>\$ 11,215</u>

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 19. Other expenses:

	2022	2021
Equipment rental	\$ 6,658	\$ 5,412
Licensing and membership fees	6,617	6,028
Minor repair and upkeep	5,031	4,468
Support services	4,829	5,177
Property taxes and insurance	3,909	3,612
Banking and bad debts	2,918	2,129
Advertising and promotion	2,739	1,866
Communication	1,569	1,405
Miscellaneous	2,382	2,092
	<u>\$ 36,652</u>	<u>\$ 32,189</u>

## 20. Net change in non-cash operating working capital:

	2022	2021
Decrease in accounts receivable	\$ 1,164	\$ 1,772
Decrease (increase) in prepaid expenses	859	(3,844)
Increase in accounts payable and accrued liabilities	79	2,950
Increase in deferred revenue	13,715	29,929
Increase in accrued leave	893	2,977
	<u>\$ 16,710</u>	<u>\$ 33,784</u>

## 21. Financial risks:

There has been no significant change to the risk exposures from the prior year, other than the impacts of COVID-19 as described in note 23.

### (a) Credit risk:

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The University's Statement of Investment Policies and Procedures defines permitted investments and provides guidelines and restrictions on acceptable investment categories which minimize credit risk.

The maximum credit exposure of the University is represented by the fair value of the investments and accounts receivable as presented in the consolidated statement of financial position.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

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## 21. Financial risks (continued):

(a) Credit risk (continued):

Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political or other conditions. The University monitors the financial health of its investments on an on-going basis with the assistance of its Finance Committee and its investment advisors.

The University assesses on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. In 2022, \$1,294 (2021 - \$1,999) is recorded as allowance for doubtful accounts.

(b) Interest rate risk:

The University is exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate swaps as disclosed in the consolidated statement of cash flows and notes 4 and 10.

(c) Currency risk:

The University believes that it is not exposed to significant foreign currency risks arising from its financial instruments.

(d) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(e) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The University is exposed to these risks in connection with its holdings of domestic and foreign equities (including pooled funds), as well as through its investments in real estate and infrastructure.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

## 22. Ontario Student Opportunity Trust Fund (Phase I and Phase II) and Ontario Trust for Student Support:

The restricted endowment fund includes funds granted by the Government of Ontario for Phase I and Phase II of the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS), as these programs provide for the matching by the Province of Ontario of the endowment contributions received by the University. The investment revenue earned on those funds must be used to provide financial aid to Ontario Students.

As per Ministry of Training, Colleges and Universities policies, the transactions related to the Ontario Student Opportunity Trust Fund and to the Ontario Trust for Student Support must be presented in these consolidated financial statements, for the year ended March 31, 2022.

Endowment Fund	Ontario Student Opportunity Trust Funds		Trust for Student Support	Total 2022	Total 2021
	Phase I	Phase II			
Fund balance, beginning of year	\$ 16,916	\$ 4,775	\$ 17,018	\$ 38,709	\$ 39,709
Schedule of changes in expendable funds available for awards:					
Balance, beginning of year	\$ 127	\$ 987	\$ 249	\$ 1,363	\$ 1,169
Realized investment income net of direct investment- related expenses and preservation of capital contributions	1,655	285	871	2,811	2,696
Bursaries awarded	(1,594)	(189)	(924)	(2,707)	(2,502)
Balance, end of year	\$ 188	\$ 1,083	\$ 196	\$ 1,467	\$ 1,363
Endowment total book value	\$ 17,104	\$ 5,858	\$ 17,214	\$ 40,176	\$ 41,072

## 23. Impacts of COVID-19:

The University's financial results for fiscal 2022 incorporates the financial impact of COVID-19 which was declared by the World Health Organization to be a global pandemic in March 2020. While travel restrictions and stay-at-home requirements have lifted, there is still some residual reduction in on-campus operations of the University.

# CARLETON UNIVERSITY

Notes to Consolidated Financial Statements, continued

Year ended April 30, 2022  
(in thousands of dollars)

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## **23. Impacts of COVID-19 (continued):**

The extent of any ongoing adverse effects on the University's business and financial and operational performance remains uncertain and difficult to assess. As at April 30, 2022, the University did not have significant adjustments to reflect the possible future impact of COVID-19. Management has assessed the going concern assumptions and believes there are no issues given the University has a strong working capital base and access to enough liquid resources to see through operations in the coming year. Given the outcome and timeframe to a full recovery from the current pandemic is highly unpredictable, it remains impracticable to estimate and disclose its financial effect on future operations at this time.

## **24. Comparative information:**

Certain 2021 comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for 2022.

# CARLETON UNIVERSITY

## Schedule 1 - Consolidated Schedule of Changes in Ancillary Net Assets

Year ended April 30, 2022  
(in thousands of dollars)

Unrestricted	Residence &Conference Services	Dining Services	Physical Recreation & Athletics	Parking Services	Health & Counselling Services	Other Ancillary Units	Total 2022	Total 2021
Revenues	\$ 20,004	\$ 4,066	\$ 11,193	\$ 2,115	\$ 3,607	\$ 2,586	\$ 43,571	\$ 20,836
Expenses	20,687	5,181	10,649	4,418	4,717	5,352	51,004	40,182
Excess (deficiency) of revenues over expenses	(683)	(1,115)	544	(2,303)	(1,110)	(2,766)	(7,433)	(19,346)
Net assets, beginning of year	-	-	-	-	-	680	680	680
Transfer from non-ancillary unrestricted net assets	3,354	1,378	1,555	351	1,882	109	8,629	455
Appropriated to internally restricted net assets	(2,671)	(263)	(2,099)	-	(772)	-	(5,805)	(674)
Return of funds from internally restricted net assets	-	-	-	1,952	-	2,654	4,606	19,565
Unrestricted net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677	\$ 677	\$ 680
Internally restricted	Residence &Conference Services	Dining Services	Physical Recreation & Athletics	Parking Services	Health & Counselling Services	Other Ancillary Units	Total 2022	Total 2021
Net assets (deficit), beginning of year	\$ 3,690	\$ (321)	\$ 11,438	\$ 956	\$ 878	\$ 4,554	\$ 21,195	\$ 40,086
Appropriated from unrestricted net assets	2,671	263	2,099	-	772	-	5,805	674
Return of funds to unrestricted net assets	-	-	-	(1,952)	-	(2,654)	(4,606)	(19,565)
Net assets (deficit), end of year	\$ 6,361	\$ (58)	\$ 13,537	\$ (996)	\$ 1,650	\$ 1,900	\$ 22,394	\$ 21,195



**FINANCIAL REPORT  
TO THE BOARD OF GOVERNORS**

**2021-2022**

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## FINANCIAL HIGHLIGHTS OF THE YEAR

The 2021-22 Financial Report to the Board of Governors is hereby submitted. The university's audited financial statements, prepared in accordance with Canadian accounting standards for non-profit organizations, received an unqualified opinion from the external auditors (KPMG), and no differences (adjusted or unadjusted) were identified. The highlights from Carleton's Statement of Operations and Financial Position are detailed below.

### Statement of Operations

Fiscal year 2021-22 saw the partial return to campus after an unprecedented operational challenge in the prior year with the impact of the global pandemic. The university offered a mix of online and in-person courses, and resumed normal residence operations. As compared to the fall of 2020, where 4,094 courses were offered exclusively online, the fall of 2021 saw 1,327 courses offered in-person and 3,189 offered either online or in a hybrid setting.

From a financial performance point of view, the university's general operating budget fared quite well. While tuition revenue was slightly below budget due to the flow-through effect of a prior year decline in first-year, full-time enrolment and higher graduation rates, first year intake was up 2.0%. Fee revenues were \$3.9 million less than budget, with domestic tuition fees continuing to be frozen at 2019-2020 levels, after a 10% decrease in that same year.

The investment markets continue to ebb and flow, with the university experiencing a minor decline in equity markets after a strong rebound in 2020-2021. Operating investment revenue still resulted in a \$1 million positive variance, as compared to budget, but was \$31.7 million less than the previous year (\$42.7 million).

Overall, the ancillary units had favourable results in 2021-2022 as compared to 2020-2021, as the university community began to return to campus. Collectively, they contributed \$1.2 million in annual surplus, with Housing, Conference and Dining, Physical Recreation and Athletics, and Health and Counselling Services all showing positive results. Parking Services and The Print Shop continue to be most affected by the reduced presence on campus but will return to profitable operations by 2023-24.

The financial results, in accordance with Canadian accounting standards for non-profit organizations, indicates a deficit on a consolidated basis of \$17.8 million, as

compared to a \$39.1 million surplus in 2020-21. This consolidated deficit is the result of the planned use of reserves to fund additional expenditures, including \$11.2 million of deferred maintenance and renovations, as well as a \$6.6 million decrease in general appropriations (i.e. balances carried forward).

Research funding received continues to be strong, with \$92.5 million received in 2021-22 compared to the record setting \$99.7 million in the previous year. Actual research expenditures of \$83.9 million for sponsored research in 2021-22 supports Carleton's research in the areas of the humanities, public affairs, science, engineering and business.

### Statement of Financial Position

The university continues to be in a strong cash position with \$809.1 million in operating cash and marketable securities, compared to \$603.8 million one year earlier. This increase is due to the proceeds from the university's inaugural bond issuance for \$220 million.

During the year, \$43.7 million was invested in capital assets, which saw the opening of the Sprott School of Business' Nicol Building and the near completion of the Engineering Design Centre. Construction of the new student residence resumed after being paused last year due to Covid-19. The university also continues to address its deferred maintenance backlog, with \$31.5 million spent on renovating facilities, \$10.5 million more than the previous year.

Unrestricted net assets almost exclusively represents the liability associated with employee future benefits. The non-pension future benefit liability has increased only slightly by \$4.9 million to \$166.4 million, however the main increase in this liability is due to changes in the equity markets that reduced the pension asset, on an accounting basis, by \$28.6 million to \$53.9 million as at April 30, 2022.

Internally restricted net asset, at \$443.2 million, represent reserves available to faculties and departments, as well as specific centrally established reserves, including reserves for capital expenditures, and future pension liabilities.

The endowment fund assets also saw a slight decrease year over year of \$9.7 million, due to unrealized investment losses.

Overall, the university's assets, and combined liabilities and net assets grew by \$200.4 million to \$1.93 billion.

## OPERATING ENVIRONMENT

Full-time equivalent (FTE) students attending Carleton during 2021-22 totalled 28,619. While overall undergraduate levels were down slightly from the prior year, new first year students were up 2% and overall graduate FTEs were up almost 5%.

Enrolment patterns during the pandemic, including 2021-22, have been different than historical patterns. Notably, there have been more enrolments during the summer months of 2020 and 2021, and more undergraduate students enrolled on a part-time basis, both adding to annual FTE figures. Additionally, convocations increased considerably this past year, with a more than 9% increase in convocations in 2021 compared to 2020.

The existing provincial tuition fee framework, which froze domestic fees at 2019-20 rates, remained unchanged for 2021-22. This, coupled with overall lower domestic undergraduate FTEs, resulted in tuition revenue falling short of budget by \$3.9 million.

In August 2020, Carleton and MCU signed the next Strategic Mandate Agreement (SMA3), which covers a period of five years (2020-25), and includes the introduction of 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.

Due to COVID, the first three years of SMA3 saw funding decoupled from the performance metrics, and the Ministry will assess the sector's readiness for activation in Year 4 (2023-24) at a planned system-wide proportion of 10% increasing to 25% in Year 5 (2024-25).

While the assessment against metrics has been paused, and overall funding rates have not changed, overall grant income is

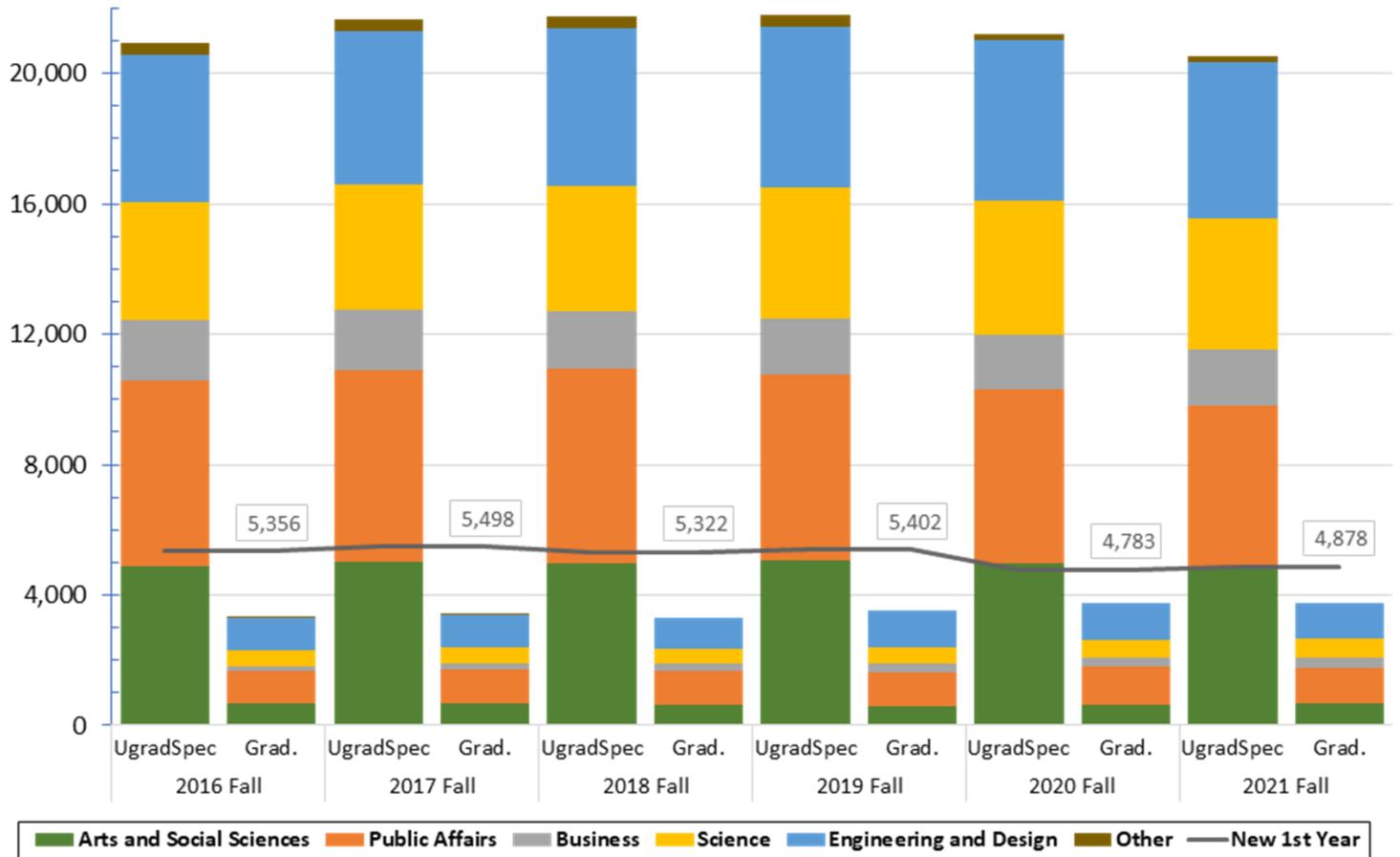
still affected by the Ministry's International Student Recovery (ISR) clawback and the requirement to defer restricted grants until the corresponding expenditures are made. As such, government funding at \$175.5 million was only slightly down from the \$175.9 million in 2020-21.

The other key regulatory provision still affecting Carleton's operations in 2021-22 was the Ontario government's *Protecting a Sustainable Public Sector for Future Generations* (Bill 124). This legislation effectively capped broader public sector wage increases to an average of one per cent annually for a three-year period, starting in 2019. In the past two years, the university has successfully negotiated settlements with the following unions:

- CUPE 2424, Carleton University Support Staff Association
- CUASA, Carleton University Academic Staff Association
- CUPE 910, Operational and Maintenance Staff
- CUPE 3778, Central Heating Plant Staff
- OPSEU 404, Campus Safety Services Staff

It remains that COVID-19 has had the most pervasive impact on the operations of the university. Carleton continued to apply the appropriate health and safety measures to protect students, staff, and visitors. As we adapted to the pandemic, and carefully brought our community back to the campus, the university continued to provide exceptional service throughout the 2021-22 fiscal year. Although the financial effects of COVID-19 were minimal for the core instructional operations, the university's ancillary units continue to be impacted by the reduced presence on campus. Healthy reserves in both the general and ancillary operations allowed Carleton to weather this unprecedented situation and the capacity to be able to face financial pressures in 2022-23, should they arise. 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.

Undergraduate and Graduate Enrolment by Faculty - Fall Full-time - 2016-2021



Office of Institutional Research and Planning - June 2022

## 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 expenditures in 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.

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.

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 2021-22 operating budget approved by the Board of Governors.

	2021-22	2020-21
Excess of revenue over expense (per audited statements)	\$ (17.8 M)	39.1 M
Net change in investment in capital assets	\$ 1.0 M	(33.9 M)
Decrease/(Increase) in internal appropriations	\$ 14.0 M	(13.4 M)
Internal contributions to endowment	\$ (2.6 M)	(3.4 M)
Employee future benefit expense net of cash payment	\$ 5.7 M	12.9M
Other items*	\$ (0.3 M)	(1.3 M)
Excess of expense over revenue per Financial Report	\$ <u>nil</u>	<u>nil</u>
Accumulated surplus	\$ nil	nil

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

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audited Statement of Operations combines all activities of the university (general operating, ancillary, research, capital, trust) into one column, and should be read in conjunction with the Financial Report, which highlights key operating income and expenses as compared to the approved 2021-22 Operating Budget.

As shown in the Consolidated Financial Statements, the university experienced a shortfall in revenue over expenses of \$17.8 million in 2021-22. This deficit reflects timing differences in the recognition of operating expenses and appropriations, as previously described.

The university's consolidated revenue of \$667.2 million decreased \$4.4 million (0.7%) from the previous year, while consolidated expenses increased \$52.5 million to \$684.9 million (8.3%).

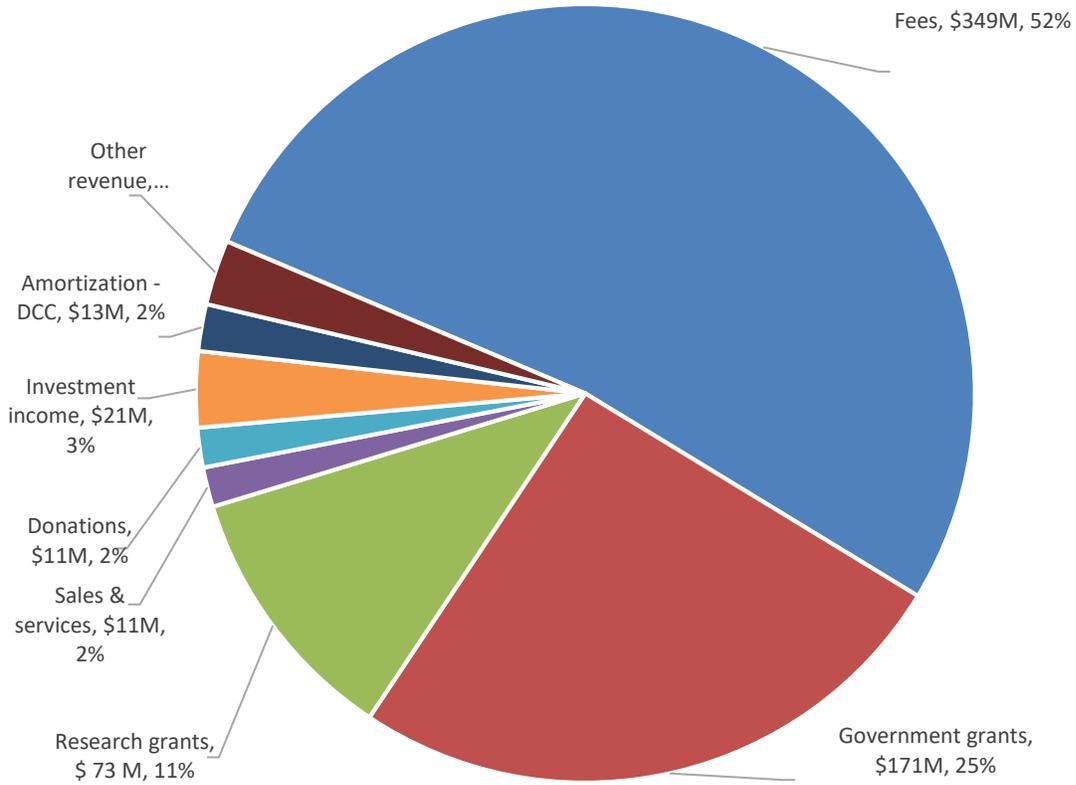
The main contributor to the lower revenue was the softening of the investment markets, decreasing investment income by \$30.7 million, offset by an overall increase in tuition revenue of \$13.2 million.

Research grants and contracts recognized in the financial statements totalled \$73.4 million, while deferred research revenues climbed \$8.7 million to \$69.9 million, reflecting the success of Carleton's efforts to expand research activities.

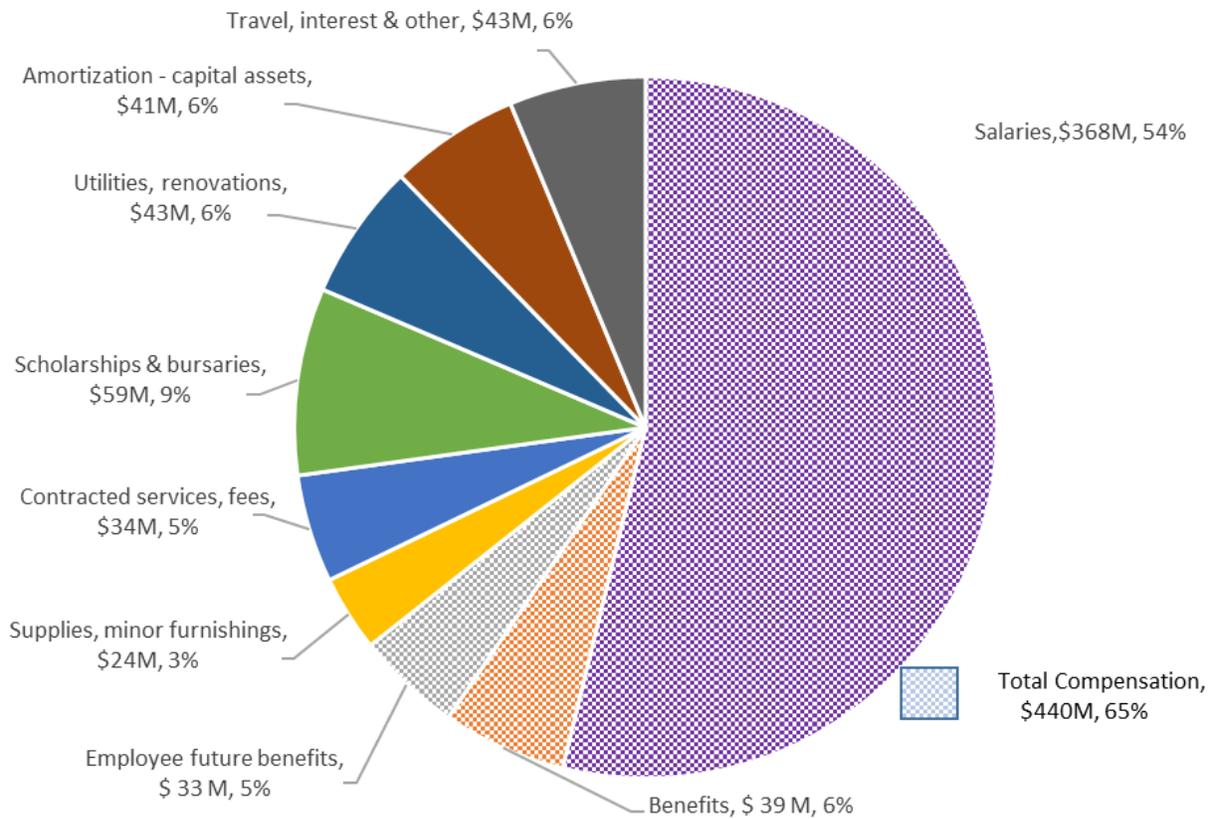
Salaries and benefits, at \$440.1 million, form the largest part of the university's consolidated expenditures, accounting for 65% of total expenses. This represents an increase of \$17.9 million (4.2%) over 2020-21.

The following charts illustrate the sources of consolidated revenue and expenditures for 2021-22.

**2021-22 Consolidated Revenue: \$667 million**



## 2021-22 Consolidated Expenses: \$684 million



The university's net assets decreased by \$58.2 million to \$1,148.3 million. This decrease reflects the \$17.8 million shortfall in revenues over expenses, \$9.7 million in endowment investment losses net of contributions, as well as the \$28.8 million negative adjustment for employee future benefits.

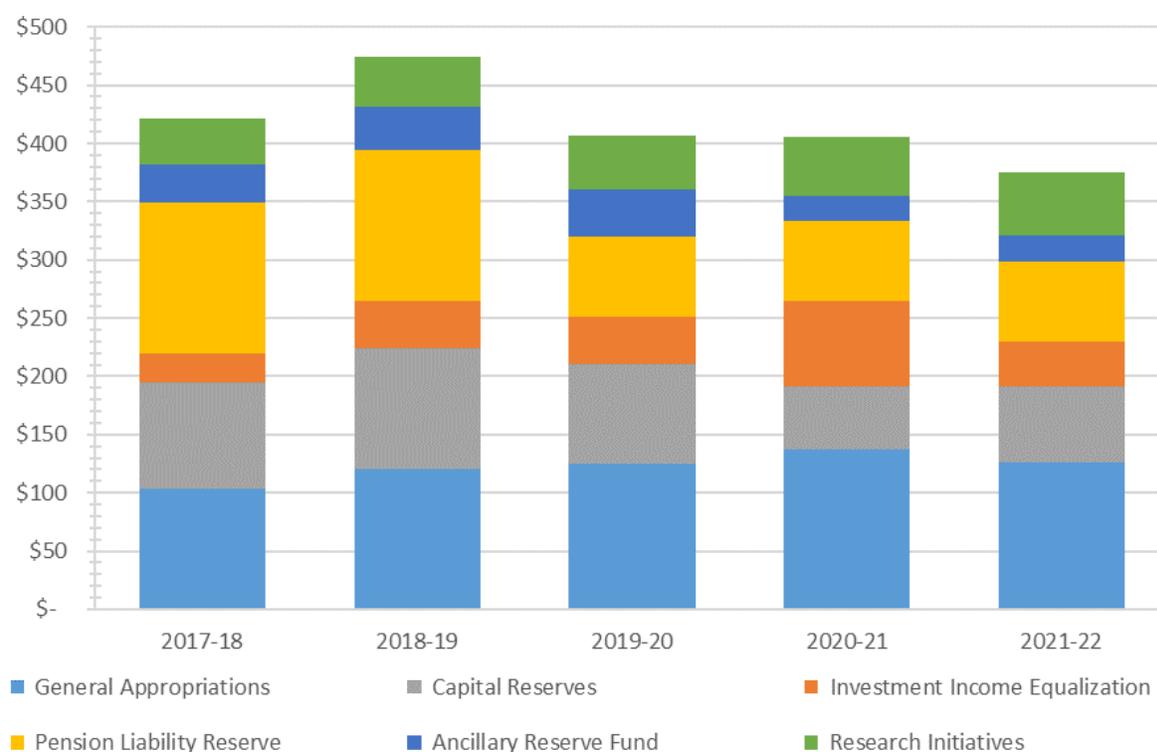
Additional investments in capital assets of \$43.7 million included major projects such as the Nicol Building, the Engineering Design Centre, a multi-year building modernization program (deferred maintenance), and normal equipment requirements.

Endowed net assets were \$343.3 million on April 30, 2022, after income distributions of \$13.6 million. The majority of endowment distributions were to support student initiatives including scholarships and bursaries.

Donation revenue recognized during the year amounted to \$11.3 million. In addition, direct donor contributions to endowment funds totalled \$6.1 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 drawdown of capital and ancillary reserves and the decrease in the investment income equalization reserve during 2021-22 as a result of transfer of \$35.3M to the capital reserve.

## 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\*

	2019-20	2020-21	2020-21 (Sector Average)
Net Income/Loss Ratio (Profitability Indicator)	6.0%	5.8%	4.9%
Primary Reserve Ratio (days) (Ability to operate using unrestricted reserves)	266	272	145
Viability Ratio (Ability to cover long-term debt using unrestricted assets)	7.7	8.6	1.4
Interest Rate Burden Ratio (Proportion of total expenses to cover interest payments)	0.5%	0.5%	2.0%

\* Source: Council of Ontario Financial Officers (COFO), March 2022

## CAPITAL INVESTMENTS AND FACILITY RENEWAL

Carleton continues to invest in renewing the campus infrastructure and fund new projects to meet the growing needs of its community. During 2021-22, the university spent \$31.5 million on various renovation and infrastructure projects, including projects addressing campus-wide deferred maintenance and continued implementation of Carleton's Transportation Plan.

Major capital projects underway this year include the completion of the Sprott School of Business Nicol Building (\$65.1 million), and the near completion of the Engineering Design Centre (\$11.0 million). As well, construction of the new student residence (\$90.0 million) moved forward in 2021-22 after being put on pause in the prior year.

## CONCLUSION

After the most operationally challenging year in 2020-21, the fiscal year 2021-22 saw the beginnings of a return to campus life emerge. Residences were once again filled with students, labs and classrooms occupied, and faculty and staff resumed their work on campus.

The operating results were mostly on target, allowing the university to earmark an in-year provision for future strategic purposes.

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Dr. Lorraine Dyke, PhD  
Vice-President (Finance & Administration)  
September 2022

While still challenged, the ancillary operations improved significantly this year with the partial return to in-person learning. Housing, Dining, Athletics and Health & Counselling Services all returned to surplus operations. The other units continue to operate at a loss, but in most cases, there are reserves set aside to absorb these results.

The university continues to manage the impact of COVID-19 and currently has a detailed return to campus plan for fall 2022. Barring any subsequent waves of the pandemic, it is hoped that a return to normalcy is in the not too distant future.

While the pandemic has stalled the government's plan to activate performance-based funding until at least 2022-23, the university must follow its progress closely in relation to the metrics identified as those that will dictate funding changes.

The university's balance sheet remains strong, with high levels of cash and equivalents, internally restricted funds (i.e. reserves). While some of the financial sustainability metrics that are tracked in the SMA process are less favourable for Carleton when comparing 2020-21 to 2019-20, they remain strong relative to the average of all Ontario universities.

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Tim Sullivan, BA, CPA, CGA  
Assistant Vice-President, Financial Services  
September 2022

# Consolidated Financial Review

## 1.1 General Operating Fund

The net 2021-22 results for the Operating Fund (section 2.2.3), showed a surplus of \$6.4 million compared to the break-even opening budget. The operating surplus came mostly from not having to spend the strategic provision built into the 2021-22 operating budget to deal with possible economic uncertainties. The surplus will continue to be held for strategic purposes in future years.

Schedule 1 provides a comparison of the General Operating Fund actual results to the opening budget.

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 area 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 the prior year, which amounted to a decrease of \$26.2 million. Schedule 1 reports this change as an adjustment to total operating expenditures. The major item affecting the decrease in appropriations for 2021-22 relates to the planned draw on capital reserves.

Total operating income exceeded budget by \$0.7 million. The favourable variance to budget came about from additional government grants (\$1.3M), miscellaneous fees (\$2.4M), and investment income (\$1.0), offset by unfavourable variances in tuition and departmental income (\$4.0M). Of the additional operating income received, \$3.4 million was specifically designated to be spent on student aid, accessibility and Indigenous education and training.

Section 2.2.3 provides further details on the operating income budget variances

Operating expenses were higher than budget by \$0.7 million, including the \$3.4 million in directed expenditures noted above. Areas of favourable spending include enrolment incentives, benefits, and utilities. Section 2.2.1 provides further details.

Additional contingency savings	\$ ( 8.1) million
Unspent balances	\$ ( 1.0) million
Directed expenditures	\$ 3.4 million
New appropriations	<u>\$ 6.4 million</u>
Expenditures in excess of budget	\$ 0.7 million

New appropriations of \$6.4 million were recognized at year-end and 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 2021-22, total ancillary revenues amounted to \$49.2 million, as compared to the budget of \$54.9 million. As the majority of ancillary services are offered in-person, the smaller on-campus population had an impact on the amount of ancillary services offered and the associated revenues. Both Housing and Dining Services ended the fiscal year with a surplus, in part due to a contribution from the Operating Fund towards their deferred maintenance expenditures. Residence occupancy increased from 30% to 85% in 2021-22, while Dining Service operations were limited outside the residence precinct. Recreation and Athletics was also able to earn a small surplus this year despite reduced offerings of its summer programs. Parking Services and The Print Shop were most negatively impacted by the smaller campus presence and both reported a deficit this year.

Expenditures for 2021-22 totalled \$48.0 million, as compared to budget of \$66.4 million. The majority of the savings can be attributed to corresponding lower operating costs associated with the COVID-19 pandemic. The remainder of the cost reductions as compared to budget can be attributed to a \$4 million transfer from operating for deferred maintenance costs.

The combined surplus for all ancillaries totalled \$1.2 million for 2021-22, resulting in a total accumulated surplus of \$23.1 million as at April 30, 2022.

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 increased by \$205.3 million in 2021-22, which is due mainly to the \$220 million debenture issuance and a long term debt increase of \$215.4 million.

The overall change in internally restricted assets resulted in a decrease of \$18.6 million. This was mostly comprised of draws on general operating and capital reserves of \$26.2 million. The \$24.1 million net draw on the capital reserve was to fund several projects including the Campus Transportation Strategy, the Nicol Building and ancillary deferred maintenance projects. This decrease was offset by a \$4.0 million addition to internal research reserves, a \$1.2 million increase to ancillary general reserves, and \$1.5 million that was set aside to establish a sinking fund for the debenture repayment.

Investments in capital assets made during the year totalled \$43.7 million. These investments relate to equipment and building improvements across campus, as well as new builds such as the Faculty of Engineering and Design's two new buildings and the new student residence.

## 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. These statements combined all the activities of the university into one statement, whereas the management and internal review of such activities are segregated into "funds".

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 Schedule 1 of this report.

These internal management statements provides a comparison of actual results to the 2021-22 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 2021-22 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 totalled \$517,461,000 in 2021-22, compared to the opening budget of \$516,747,000 and previous year income of \$548,020,000. Total operating income was therefore \$714,000 (0.1%) above budget and \$30,559,000 (5.6%) 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 below budget by \$2,702,000.

	<i>2021-2022 Actual \$000</i>	<i>2021-2022 Budget \$000</i>	<i>Variance from Budget \$000</i>	<i>2020-2021 Actual \$000</i>
Revenues	517,461	516,747	714	548,020
Less: Items offset by expenditures (section 2.2.1)	3,416	-	3,416	3,902
Net Revenues	514,045	516,747	(2,702)	544,118

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 \$175,473,000 were \$1,347,000 (0.8%) above original budget, and \$474,000 (0.3%) less than the previous year. A comparison to the budget is provided below:

	2021-2022 <i>Actual</i> \$000	2021-2022 <i>Budget</i> \$000	<i>Incr/(Decr)</i> <i>from Budget</i> \$000	2020-2021 <i>Actual</i> \$000
<u>Items Affecting the Operating Result</u>				
Core Operating Grant	104,033	103,763	203	121,752
Performance Funding	59,422	61,998	(2,576)	42,623
Research Overheads	5,508	5,292	216	5,292
Other government grants	2,003	1,999	4	1,997
Subtotal	170,966	173,052	(2,086)	171,664
<u>Items offset by expenses</u>				
Student Aid & Support Funds	2,242	-	2,242	2,604
Access for the Disabled	1,948	1,074	874	1,387
Other Government Grants	317	-	317	292
Subtotal	4,507	1,074	3,433	4,283
 Total Government Grants	 175,473	 174,126	 1,347	 175,947

Omitting special purpose grants, the operating revenue from the Ministry of Colleges and Universities (MCU) was \$2,086,000 below budget. Though MCU has delayed the implementation of performance-based funding adjustments, it continues to redistribute more of the grant funding from the core to the performance envelope, beginning each April for the following year. The shortfall in this category is a result of more performance grant being deferred this April, in comparison to the amount deferred last April, and recognized in May.

## 2.1.2 Tuition Fees – Credit Programs

Tuition income totalled \$307,333,000 in 2021-2022. This represents an decrease of \$3,867,000 (1.2%) from budget, and \$1,995,000 (0.6%) less than the previous year. Details of the decrease are as follows:

	2021-2022 <i>Actual</i> \$000	2021-2022 <i>Budget</i> \$000	<i>Incr/(Decr)</i> <i>from Budget</i> \$000	2020-2021 <i>Actual</i> \$000
Undergraduate - Domestic	160,909	162,100	(1,191)	166,752
Undergraduate - International	101,770	111,301	(9,531)	102,472
	262,679	273,401	(10,722)	269,224
Graduate - Domestic	22,683	21,999	684	22,190
Graduate - International	21,971	15,800	6,171	17,914
	44,654	37,799	6,855	40,104
 Total Tuition Fee Revenue	 307,333	 311,200	 (3,867)	 309,328

Tuition fees vary based on the discipline of study, as well as the residency status of the student. The 0.6% decrease in enrolment from the previous year is detailed below:

	<i>Enrolment (F.T.E.)</i>		<i>Increase/Decrease</i>	
	<i>2021-2022</i>	<i>2020-2021</i>	<i>#</i>	<i>%</i>
Undergraduate - Domestic	20,648	21,564	(916)	-4.2%
Undergraduate - International	2,986	3,206	(220)	-6.9%
	23,634	24,770	(1,136)	-4.6%
Graduate - Domestic	3,796	3,752	44	1.2%
Graduate - International	1,189	1,000	189	18.9%
	4,985	4,752	233	4.9%
<b>Total</b>	<b>28,619</b>	<b>29,522</b>	<b>(903)</b>	<b>-3.1%</b>

The decrease in overall tuition revenue is a result of continued pandemic impacts on the number of undergraduate students and the frozen domestic tuition fees. The combination of strong summer enrolment in 2020, resulting in expedited graduation rates, and an 11% drop first-year students in the prior year, has resulted in an overall lower number of undergraduate students. The fall of 2021 did see an increase of 2% in first-year intake, and international graduate enrolment continues to climb, which has helped to offset these factors.

### 2.1.3 Miscellaneous Income

Miscellaneous income totaled \$14,104,000 in 2021-22, exceeding budget by \$2,378,000, and the previous year by \$1,571,000. Miscellaneous income consists mostly of non-tuition related administrative fees and charges, and recoveries from ancillary services, external parties, and certain non-credit operations. Details are as follows:

	<i>2021-2022</i>	<i>2021-2022</i>	<i>Incr/(Decr)</i>	<i>2020-2021</i>
	<i>Actual</i>	<i>Budget</i>	<i>from Budget</i>	<i>Actual</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<u>Items affecting the operating result</u>				
Application and admission fees	3,407	2,825	582	3,231
Deferred payment and processing fees	3,029	2,213	816	1,904
Omnibus fee	1,199	1,125	74	1,343
Overhead charges	3,959	3,718	241	3,616
Facility rentals	810	776	34	816
Career Placement Services	304	305	(1)	309
Other miscellaneous	1,201	659	542	1,091
Subtotal	13,909	11,621	2,288	12,309
<u>Items offset by additional expenditures</u>				
Insurance proceeds	57	-	57	201
Other	138	105	33	23
Subtotal	195	105	90	224
<b>Total Miscellaneous Income</b>	<b>14,104</b>	<b>11,726</b>	<b>2,378</b>	<b>12,533</b>

## 2.14 Investment Income

Investment income amounted to \$10,978,000 in 2021-22, above budget by \$978,000 and \$31,734,000 less than the previous year. The fluctuation in investment returns relates to the rebound in the equity markets in 2021, followed by the soften of markets in March and April 2022.

	2021-2022 <i>Actual</i>	2021-2022 <i>Budget</i>	<i>Incr/(Decr)</i> <i>from Budget</i>	2020-2021 <i>Actual</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Investment income - realized	36,096	9,484	26,612	13,674
Unrealized gains/(losses)	(25,561)	-	(25,561)	28,473
Internal interest and endowment revenue	1,278	1,266	12	1,298
Investment management fees	(835)	(750)	(85)	(733)
<b>Total Investment Income</b>	<b>10,978</b>	<b>10,000</b>	<b>978</b>	<b>42,712</b>

To mitigate the risks associated with market returns fluctuation, the Finance Committee approved the creation of an Investment Income Equalization Fund in 2017-18. Investment returns in excess or below budgeted investment income are appropriated to/from this fund. At April 2021, the reserve stood at \$74.3 million. With the approval of the Board, the reserve was capped at \$39 million in March 2022, with the \$35.3 million excess redistributed to the capital reserve. As the reserve still stands at \$39 million, the \$978,000 earned in excess of budget in the current year will form part of the overall surplus appropriation for future strategic purposes.

## 2.15 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:

	2021-2022 <i>Actual</i>	2021-2022 <i>Budget</i>	<i>Incr/(Decr)</i> <i>From Budget</i>	2020-2021 <i>Actual</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<u>Items offset by additional expenditures</u>				
Co-op and Career Services	3,848	3,407	441	3,182
Facilities	2,045	2,119	(74)	425
Centre for Initiatives in Education	923	939	(16)	690
Alumni and external contributions	640	597	43	134
Student Work Placement Program	555	555	-	1,427
Student Experience Office	319	763	(444)	265
Other	1,243	1,315	(72)	1,377
<b>Total Department Income</b>	<b>9,573</b>	<b>9,695</b>	<b>(122)</b>	<b>7,500</b>

## 22 Operating Expenditures, Transfers, and Appropriations

The Operating Fund expenditures and transfers, before appropriations, totalled \$543,645,000 in 2021-22, and were \$26,898,000 (5.2%) above the opening budget, and \$23,350,000 (4.5%) more than the previous year. Including the net return of additional prior year appropriations of \$26,184,000, expenditures exceeded budget by \$714,000.

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

### 22.1 Operating Expenditures and Transfers

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

	<u>\$000</u>
Actual operating expenditures and transfers	543,645
Opening budget	<u>516,747</u>
Expenditures above budget	<u>26,898</u>

The items making up the \$26,898,000 increase in expenditures and transfers were:

	<u>\$000</u>	<u>\$000</u>
a) Salary Increases		
Current year cost	7,596	
Less: Contingency in opening budget	<u>6,532</u>	
Additional cost/(savings)		1,064
b) Mid-Year Allocations		
Total allocations	4,498	
Less: Opening contingency	<u>3,642</u>	
Additional cost/(savings)		856
c) Enrolment Incentive		
Current year cost	3,673	
Less: Opening contingency	<u>6,349</u>	
Additional cost/(savings)		(2,676)
d) Bond Financing		
Current year cost	3,797	
Less: Opening contingency	<u>3,500</u>	
Additional cost/(savings)		297
d) Other Contingencies		
Current year cost	799	
Less: Opening contingency	<u>8,467</u>	
Net		<u>(7,668)</u>
Total additional contingency costs/(savings)		<u>(8,127)</u>

	<u>\$000</u>	<u>\$000</u>
Overspent (unspent) balances not appropriated:		
e) Utilities	(1,150)	
f) Student support	776	
g) Benefits	(1,476)	
h) Interfund transfers	692	
i) Other minor balances	158	
Subtotal		(1,000)
Expenditures funded by additional income:		
Government grant (section 2.1.1)	3,433	
Tuition income (section 2.1.2)	-	
Miscellaneous fees & income (section 2.1.3)	90	
Investment income (section 2.1.4)	-	
Departmental income (section 2.1.5)	(106)	
		3,902
Expenditures funded by returned appropriations	194,310	
Total appropriations in 2021-2022	168,126	
Net return of appropriations (section 2.2.2)	26,184	
Add: New appropriations (section 2.2.2)	6,424	
		32,608
Total expenditures and transfers above budget		26,898

Notes:

- a) Salary Increases: The cost of salary and benefit increases for 2021-22 exceeded budget by \$1,064,000.
- b) Mid-Year Allocations: Allocations from the mid-year contingency fund totalled \$4,498,000 in 2021-22, as compared to the budget of \$3,642,000. The allocations includes:

Allocations from the Mid-Year Contingency Fund:

	<u>\$000</u>
Teaching & Learning Services	2,479
Labour relations compliance	870
Garage safety fencing	428
Sprott Kanata North program	205
Sprott Online MBA	100
Other	241
Total allocations	4,498
Opening contingency	3,642
Allocation in excess of budget	(856)

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 2010-11 whereby faculties receive 40% of the net revenue from enrolment growth in their area. In 2021-22, \$2,676,000 of the total \$6,349,000 set aside for this purpose was not required.
- d) Bond Financing: In June 2021, the university issued a \$220 million, forty-year debenture which requires interest-only payments during that time period. In accordance with the university's Capital Debt policy, annual contributions to a sinking fund must also be made to accumulate sufficient funds to retire the principle due at the end of 40 years. Contributions to both the interest and sinking fund are shared proportionately between the operating and ancillary funds. During the year, the operating fund contributed \$3,797,000 toward both interest and sinking fund payments.
- e) Other Contingencies: Included here are annual amounts set aside for pending positions, international recruiting agent fees, and revenue sharing estimates for special programs. Total allocations related to these annual items amounted to \$799,000. Given the economic uncertainty over the last two years, the opening budget also included a provision for future needs. As noted below, this provision was appropriated for future use.
- f) Utilities: The university continues to benefit from hydro rebates relating to its student residences, along with conservative budgeting and savings from multi-year energy conservation projects.
- g) Student support: Additional student support was provided to assist students during this unprecedented time.
- h) Benefits: Savings were achieved in the current year as new hires had start dates later than what was anticipated in the opening budget.
- i) Interfund transfers: Additional costs in excess of budget were incurred due to the funding of accrued leave.

## 222 Appropriations

Appropriations, also known as internally restricted net assets, 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>
Returned from 2020-21 appropriated fund balance	194,310
Appropriated to fund balance 2021-22	168,126
	<u>(26,184)</u>

Details of the returned and new appropriations are as follows:

	<i>Returned</i>	<i>Appropriated</i>	<i>Difference</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
RPC			
Faculties	65,058	60,608	(4,450)
Academic Administration	2,795	3,771	976
Students and Enrolment	8,791	9,823	1,032
Library	1,773	3,559	1,786
President	2,905	2,993	88
Research and International	4,665	2,216	(2,449)
Finance and Administration	17,283	13,149	(4,134)
Computing infrastructure	4,253	5,454	1,201
Renovations	37,688	44,833	7,145
Advancement	9,301	6,480	(2,821)
Student Support	4,613	5,636	1,023
Pending commitments	11,099	3,180	(7,919)
Self-insurance fund	12	-	(12)
Capital reserves	24,074	-	(24,074)
Subtotal	194,310	161,702	(32,608)
New allocations	-	6,424	6,424
Total	194,310	168,126	(26,184)

New allocations represent appropriations of unspent funds over and above those included in the original budget. For 2021-22, new allocations total \$6,424,000 as detailed below:

	<i>\$000</i>
Strategic Initiatives	6,424
	6,424

In addition, \$187,843,000 of prior year appropriated funds were not returned during 2021-22, as the planned or possible expenditures will occur in future fiscal years.

	<i>\$000</i>
Capital reserves	65,274
Pension liability reserve	69,212
Investment income equalization fund	39,000
Strategic Initiatives fund	13,492
Future project commitments	767
Self-insurance fund	98
Total appropriations not returned	187,843

Current commitments against the capital reserve include \$4 million for ancillary deferred maintenance, \$5 million for the campus transportation strategy, and \$10 million for the new student residence. The balance will be used in tandem with the \$220 million of bond proceeds received in July 2021 for future capital projects which may include the Wellness Hub, and the Sustainability Research Centre.

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 decreased from a \$82.5 million asset position as at April 30, 2021, to an reduced asset position of \$53.9 million at April 30, 2022, as a result of the market's impact on the assets backing the pension plan. Given the market's ability to impact the position of the pension plan, the university continues to hold \$69.2 million reserved for pension obligations.

## 223 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>Projected</i>	
	<i>Incr/Decr</i>	<i>Incr/Decr</i>	<i>Variance</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<b>Income Variations</b>			
Government grants (section 2.1.1)	(2,086)	-	(2,086)
Tuition fees (section 2.1.2)	(3,867)	(4,000)	133
Miscellaneous income (section 2.1.3)	2,288	1,000	1,288
Investment income (section 2.1.4)	978	-	978
Departmental income (section 2.1.5)	(16)	-	(16)
<b>Total income variations</b>	<b>(2,703)</b>	<b>(3,000)</b>	<b>297</b>
<b>Expenditure Variations</b>			
Expenditures less than contingencies (sec 2.2.1)	8,127	6,000	2,127
Expenditures less/(more) than allocations (sec 2.2.1)	1,000	(3,000)	4,000
<b>Total expenditure variations</b>	<b>9,127</b>	<b>3,000</b>	<b>6,127</b>
<b>Change in results</b>	<b>6,424</b>	<b>-</b>	<b>6,424</b>
New appropriations (section 2.2.2)	(6,424)	-	(6,424)
<b>Net change in results</b>	<b>-</b>	<b>-</b>	<b>-</b>
Original surplus included in budget	-	-	-
<b>Total change in accumulated surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.24 Accumulated Surplus

The prior year's accumulated operating surplus was \$nil and therefore remains unchanged. The university continues its practice of appropriating unrestricted operating surplus for strategic future purposes.

## 2.3 Ancillary Operations - Operating Result and Fund Balance

Schedule 2 of this report, details the 2021-22 operations of the ancillaries as compared to the opening budget. Overall the ancillary results can be summarized as follows:

	<i>2021-22 Actual \$000</i>	<i>2021-22 Budget \$000</i>	<i>2020-21 Actual \$000</i>
Revenue and internal recoveries	49,174	54,928	25,725
Expenses and transfers	32,707	43,287	35,170
Surplus (deficit) from operating activity	16,467	11,641	(9,445)
Major renovations and capital debt	15,271	23,112	9,446
Surplus (deficit) for the year	1,196	(11,471)	(18,891)

- As outlined in section 1.2, revenue and internal recoveries and expenses and transfers were both under budget as a result of the ongoing pandemic.
- Ancillary operations ended the year with a combined surplus of \$1.2 million compared to a budgeted deficit of \$11.5 million. The surplus can be attributed primarily to less expenditures incurred on major renovations than anticipated.
- While the pandemic continued to impact ancillary options in 2021-22, the increase in on-campus activity allowed many of the ancillary units to begin their financial recovery. Housing, Residence Life and Conference Services incurred a \$2.7 million surplus, Dining Services incurred a \$0.3 million surplus, Physical Recreation & Athletics incurred a \$2.1 million surplus, and Health and Counselling Services incurred a \$0.8 million surplus. The remainder of the ancillary units incurred deficits during the year.

The change in the fund balances are as follows:

	<i>Balance at April 2022 \$000</i>	<i>Balance at April 2021 \$000</i>	<i>Variance \$000</i>
Accumulated Surplus - Unrestricted	677	680	(3)
Accumulated Surplus - Internally Restricted	22,394	21,195	1,199
	23,071	21,875	1,196

## 24 Other Income and Expenditures

As explained in section 2 above, the 2021-22 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.

### 24.1 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 \$545 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, \$34 million was 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 2021-22:

	<i>2021-2022</i>	<i>2020-2021</i>	<i>Increase</i>
	<i>Actual</i>	<i>Actual</i>	<i>(Decrease)</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Income and Transfers			
Government grants, other income	329	2,073	(1,744)
Transfers to/from operating & ancillary	5,024	624	4,400
Net income	5,353	2,697	2,656
Expenses			
Additions	706	2,269	(1,563)
Surplus (deficit)	4,647	428	4,219
Opening fund balance	-	(428)	428
Closing fund balance	4,647	-	4,647

During the year, \$4,647,000 of internal funding was received in advance of expenditures incurred at April 30, 2022.

## 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, 2021</i> <i>\$000</i>	<i>2021-22</i> <i>Funding</i> <i>\$000</i>	<i>2021-22</i> <i>Expenditure</i> <i>\$000</i>	<i>Balance</i> <i>April 30, 2022</i> <i>\$000</i>
<u>Tri-Agency Sponsored Research</u>				
CIHR	3,527	2,793	3,121	3,199
NSERC	15,230	17,795	14,831	18,194
SSHRC	12,922	10,832	7,924	15,830
Canada Research Chairs	599	2,940	2,686	853
Research support fund	-	5,508	5,508	-
	<u>32,278</u>	<u>39,868</u>	<u>34,070</u>	<u>38,076</u>
<u>Canadian Governmental Agencies</u>				
National Defence	696	1,483	1,251	928
Canadian Heritage	1,198	1,876	1,406	1,668
Environment and Climate Change Canada	21	3,425	2,475	971
Other federal agencies	2,300	4,230	4,528	2,002
	<u>4,215</u>	<u>11,014</u>	<u>9,660</u>	<u>5,569</u>
<u>Other Sponsored Research</u>				
SNO and TRIUMF	-	10,848	10,848	-
CFI / Ontario Research Fund	6,431	3,973	4,700	5,704
Provincial, municipal governments	1,235	649	226	1,658
Businesses and foundations	13,770	20,543	20,128	14,185
Research partnership agreements	2,096	4,399	3,665	2,830
Other sponsored research	1,212	1,230	573	1,869
	<u>24,744</u>	<u>41,642</u>	<u>40,140</u>	<u>26,246</u>
<u>Total Sponsored Research</u>	<u>61,237</u>	<u>92,524</u>	<u>83,870</u>	<u>69,891</u>
Internally funded research	50,395	10,838	6,816	54,417
<u>Total Research</u>	<u>111,632</u>	<u>103,362</u>	<u>90,686</u>	<u>124,308</u>

Notes: Acronyms

CFI	Canadian Foundation for Innovation CIHR Canadian Institutes for Health Research
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 decreased by \$7,137,000 (7.2%) from \$99,661,000 in 2020-21 to \$92,524,000 in 2021-22. Corresponding expenditures on these projects decreased by \$901,000 from \$84,771,000 to \$83,870,000. The sponsored research fund balance increased by \$14,890,000 from \$61,237,000 to \$69,891,000 as at April 30, 2022. This balance is included in deferred revenue.

Funding of internally restricted research projects was considerably higher in 2021-22 at \$10,838,000, compared to \$8,581,000 in 2020-21. Related expenditures were also higher, at \$6,816,000, compared to \$4,888,000 in the prior year, and resulted in the internally funded research balance increasing from \$50,395,000 to \$54,417,000.

## 25 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	(17,794)
Adjustments:	
a) Net change in investment in capital assets	1,072
b) Decrease in operating appropriations (2.2.2)	26,184
c) Research surplus (internally restricted) increase (2.4.2)	(4,022)
d) Enterprise surplus (internally restricted) decrease	73
e) Scholarship surplus (internally restricted) increase	(5)
f) Professional Development (internally restricted) increase	(900)
g) Increase in unrestricted endowment	(331)
h) Employee future benefit expense net of cash payment	5,652
i) Internal contributions to restricted endowments	(2,566)
j) Sinking fund	(1,518)
k) Ancillary surplus (section 2.3)	(1,196)
l) Plant surplus (section 2.4.1)	(4,647)
Operating budget result	<u>-</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 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 2021-22 the following entries were made:

	<u>\$000</u>
Current year capital assets expenditures removed from expenses	(43,713)
Current year funding received for capital assets removed from revenues	7,851
Current year change in capital asset financing removed from expenses	<u>8,842</u>
	(27,020)
Addback calculated amounts:	
Amortization of capital asset expense	41,143
Amortization of capital asset funding	(13,051)
Difference	<u>1,072</u>

The \$1,072,000 difference represents the excess of the prescribed amounts shown in the Consolidated Statement of Operations over the net cash outlays (i.e. actual cash expenditures less the actual cash received). It is shown as an increase in Unrestricted Net Assets and a decrease in Investment in Capital Assets.

- b) Decrease in appropriations: Under Canadian accounting standards, appropriations are not accounted for within 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 \$4,022,000 during 2021-22. As these funds are earmarked for the continuation of the research activity being funded, this \$4,022,000 (\$54,417,000 - \$50,395,000) 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 decreased by \$73,000 (\$4,722,000 - \$4,795,000) during 2021-22. As these funds had been earmarked for continuation of specific projects, this change is shown as a decrease 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 increased by \$5,000 during 2021-22. 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) Gain on unrestricted endowment: The undistributed portion of the gain on the unrestricted endowment is recognized as income in the unrestricted fund, thus increasing the surplus within the Consolidated Statement of Operations. 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 2021-22 the following entries were made:

	<u>\$000</u>
Employee future benefits, non-pension	16,392
Employee future pension benefits	16,771
Less: 2021-22 contributions removed from expenditure	<u>(27,511)</u>
Difference	<u>5,652</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, rather than as an expenditure within the Statement of Operations.

j) Sinking fund: In June 2021, the university issued a \$220 million, 40-year debenture which requires interest-only payments during that time period. The university's Capital Debt policy requires that a sinking fund be established for non-amortizing debt, such that the entire principle amount may be repaid at the end of the 40-year term. The \$1,516,000 represents the 2021-22 contribution towards this sinking fund reserve. As at April 30, 2022, the balance in the sinking fund was \$1,516,000.

k) Ancillary surplus: As presented in section 2.3, the ancillary operations resulted in a surplus of \$1,196,000 in 2021-22.

l) Plant surplus: As presented in section 2.4.1, the plant fund for non-capital and renovation projects resulted in a surplus of \$4,647,000 in 2021-22.

### 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, 2022 were as follows:

	2022 <i>Actual</i> \$000	2021 <i>Actual</i> \$000	<i>Increase</i> <i>(Decrease)</i> \$000
<b>Sources</b>			
Short-term liabilities:			
Accounts payable	52,871	52,792	79
Deferred revenue	139,925	126,210	13,715
Accrued leave	19,148	18,255	893
Current portion of long-term debt	4,582	4,323	259
Long-term liabilities:			
Employee future benefits	112,479	79,050	33,429
Long-term debt	270,402	54,984	215,418
Net assets:			
General operating fund	-	-	-
Ancillary, plant and collections funds	5,324	680	4,644
Endowment fund	343,266	353,014	(9,748)
Internally restricted funds	443,239	461,850	(18,611)
	791,829	747,779	(23,715)
<b>Total – Sources</b>	<b>1,391,236</b>	<b>1,151,158</b>	<b>240,078</b>
<b>Applications</b>			
Short-term assets:			
Cash, equivalents and marketable securities	809,055	603,764	205,291
Accounts receivable	31,946	33,110	(1,164)
Prepaid expenses	10,200	11,059	(859)
Current portion of net investment in lease	999	935	64
Long-term assets:			
Net investment in lease	4,742	5,741	(999)
Investments	347,122	351,648	(4,526)
Capital assets:			
Less: Investment in capital assets	(444,079)	(445,151)	1,072
Deferred capital contributions	(186,327)	(191,527)	5,200
Collections	24,909	24,909	-
Less: Investment in collections	(24,909)	(24,909)	-
Net assets:			
Employee future benefits	112,479	79,050	33,429
<b>Total - Applications</b>	<b>1,391,236</b>	<b>1,151,158</b>	<b>240,078</b>

## 3.2 Source of University Resources

### 3.2.1 Accounts Payable - \$52,871,000

The accounts payable as at April 30, 2022 comprised:

	2022	2021	Increase (Decrease)
	\$000	\$000	\$000
Due to suppliers	5,951	3,973	1,978
Construction accruals and holdbacks	7,707	14,829	(7,122)
Payroll taxes and pension	17,215	16,349	866
Amounts held on deposit	2,050	2,431	(381)
Other taxes payable	1,156	911	245
Other payables and accrued liabilities	18,792	14,299	4,493
Total	52,871	52,792	79

Amounts payable at April 30, 2022 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 - \$139,925,000

Deferred revenue as at April 30, 2022 comprised:

	2022	2021	Increase (Decrease)
	\$000	\$000	\$000
a) Government grants	11,254	6,565	4,689
b) Research	69,891	61,237	8,654
c) Scholarships	7,228	6,464	764
d) Parker loans	1,170	1,228	(58)
e) Special purpose	25,364	21,155	4,209
f) Donated software	4,456	5,978	(1,522)
g) Summer student fees	11,893	14,205	(2,312)
h) Other items	8,669	9,378	(709)
Total	139,925	126,210	13,715

Notes:

- Deferred grant revenue relates mainly to unspent student aid grants (\$2,105,000), and performance funding (\$7,596,000) for the 2021-22 academic year.
- 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.
- 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 \$4,456,000 represents the balance of gift-in-kind software license agreements received from IBM for research in the Data Science Institute.
- 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 a capital replacement fund held for the NWRC building.

### 3.2.3 Current Portion of Long-Term Debt - \$4,582,000

The current portion of long-term debt is defined as the amount coming due within the next fiscal year. This totalled \$4,582,000 as at April 30, 2022, an increase of \$259,000 over last year.

### 3.2.4 Accrued Leave - \$19,148,000

The \$19,148,000 compares to \$18,255,000 last year for an increase of \$893,000. The increase is reasonable given the slow return to normal holiday patterns during the last fiscal year due to the 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, Carleton 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 - \$112,479,000

The university accounts for its employees' future benefits under Section 3462/63 of the Chartered Professional Accountants of Canada Handbook. 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 in 2001, 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 and manageable. 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 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 surplus position of \$53,913,000, a decrease of \$28,556,000 from last year's surplus position of \$82,469,000, and is a result of the declining markets in the latter part of the fiscal year. The note 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. The pension plan is undergoing an actuarial valuation for funding purposes as of July 1, 2022, which will determine the minimum funding requirements commencing July 1, 2023.

In 2021-22, the non-pension employee future benefit obligation increased by \$4,873,000. This change in the unfunded obligation is due to the normal annual actuarial current service and financing costs.

### 3.2.6 Long-Term Debt - \$270,402,000

In June 2021, the university issued a 40-year bullet bond for \$220 million to support Carleton's capital program. At the time of offer, this program covered over \$360 million worth of projects, including a mix of ancillary, academic and research facilities.

The balance of the debt includes long-standing loans and mortgages payable and are described in note 10 of the audited financial statements.

### 3.2.7 Net Assets, providing a source of resources - \$791,829,000

The net assets that constitute a source of resources are:

	2021 \$000	2020 \$000	Increase (Decrease) \$000
Operating fund	-	-	-
Ancillary, plant and collections funds	5,324	680	4,644
Internally restricted funds	443,239	461,850	(18,611)
Endowment fund	343,266	353,014	(9,748)
<b>Total</b>	<b>791,829</b>	<b>815,544</b>	<b>(23,715)</b>

Notes:

- a) The internally restricted net assets as at April 30, 2022, consist of the following:

	<u>\$000</u>
Appropriated operating funds (section 2.2.2)	355,969
Appropriated ancillary funds (section 2.3)	22,394
Internally restricted research balances (section 2.4.2)	54,417
Enterprise funds	4,722
Scholarship funds	12
Professional Development	4,207
Sinking Fund	1,518
	<u>443,239</u>

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

	<u>\$000</u>
Market Value at April 30, 2022	343,266
Market Value at April 30, 2021	353,014
	<u>(9,748)</u>

The \$9,748,000 decrease in the endowment fund is calculated as follows:

	<u>\$000</u>
Unrealized gain (loss) on investment	(34,977)
Gifts, bequests and other additions (per below)	8,678
Gain (loss) on sale of investments	26,112
Investment income	8,879
	<u>8,692</u>
Less: Distributed for endowed spending	(13,635)
Direct and indirect operating costs	(3,409)
Investment management fees	(1,396)
Change in nominal value	<u>(9,748)</u>

Additions to the endowment fund in 2021-22 included the following gifts and transfers:

	<u>\$000</u>
Carleton University transfers and matching contributions	2,566
Vignesh Sundaresan Fund	1,856
Joyce Family Fdn Bursaries for Indigenous Students	1,000
Michael Wallace Sprott School of Business Priority Fund	500
C.U. Engin. Students Equip Fund	208
Dunsmore Family Bursary	125
Garay Family Award	125
Kildonan Bursary	100
Other additions (<\$100,000)	2,198
Total additions	<u>8,678</u>

The realized investment returns on the endowment fund for the year, including gains on sale and direct investment income, amounted to \$34,991,000. The amount distributed towards endowed spending was \$13,635,000. In addition, \$1,396,000 was paid to investment managers during the year and \$3,409,000 in direct and indirect expenditures were charged to administer the fund 2021-2022.

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 - \$809,055,000

The cash and short term investment balance at April 30, 2022 were as follows:

	2022	2021	Increase (Decrease)
	\$000	\$000	\$000
Cash balance	(1,834)	(3,450)	1,616
Cash equivalent investments	509,781	466,159	43,622
Marketable securities	301,108	141,055	160,053
Total	809,055	603,764	205,291

With a view to increase longer-term average returns on investments, the Investment Committee made a decision during the 2015-16 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 \$301,108,000 (2021 - \$141,055,000) and includes a large portion of the proceeds from the debenture noted above. As the projects, for which these funds were procured, are still in the initial stages, the balances will be drawn down over time.

#### 3.3.2 Accounts Receivable - \$31,946,000

	2022	2021	Increase (Decrease)
	\$000	\$000	\$000
a) Student accounts	10,465	12,298	(1,833)
b) General accounts receivable	8,986	9,500	(514)
c) Research funds	10,284	8,993	1,291
d) HST/GST receivable	1,883	1,837	46
e) Other receivables	1,622	2,481	(859)
Sub-total	33,240	35,109	(1,869)
f) Less: Allowance for doubtful accounts	(1,294)	(1,999)	705
Total	31,946	33,110	(1,164)

Notes:

- Student accounts: These accounts include outstanding tuition fees, residence fees and other miscellaneous charges that have decreased by \$1.8 million. The \$10,465,000 represents 3.15% (2021 – 3.81%) of the total 2021-22 tuition, miscellaneous student and residence fees assessed.
- General accounts receivable: These amounts relate to services rendered by certain departments to external clients or to internal monies owed at year-end. The decrease in the current year is due mostly to the reimbursement of travel advances for trips that were cancelled due pandemic travel restrictions. The receivables are generally current.
- 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.

- d) HST/GST receivable: The balance typically represents the amount due from the government for the April HST/GST return.
- e) Other receivables: In addition to minor miscellaneous receivables, the balance includes amounts outstanding for student associations, union groups and services providers who use the university's services on a recovery basis.
- f) Allowance for doubtful accounts: The allowance includes \$1,265,000 for student fees, while the balance is for other overdue items.

### 3.3.3 Prepaid Expenses - \$10,200,000

Prepaid Expenses as at April 30, 2022 comprised:

	2022 \$000	2021 \$000	Increase (Decrease) \$000
Insurance	1,371	1,005	366
Licences	8,094	9,366	(1,272)
Other	735	688	47
<b>Total</b>	<b>10,200</b>	<b>11,059</b>	<b>(859)</b>

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 for internal use (e.g. Facilities Management and Planning). The decrease in prepaid licences is due to the drawdown of a five-year software licence gift-in-kind received in 2021.

### 3.3.4 Current Portion of Net Investment in Lease - \$999,000

The current portion of net investment in lease is defined as the amount collectible within the next fiscal year. This totaled \$999,000 at April 30, 2022 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 - \$4,742,000

In 2002-03, 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 - \$347,122,000

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

	2022	2021	Increase (Decrease)
	\$000	\$000	\$000
Investments held for:			
Endowment	342,869	347,491	(4,622)
Parker Loan fund	1,308	1,379	(71)
NWRC capital reserve	1,009	1,025	(16)
Sprott Student fund	1,936	1,753	183
Total	347,122	351,648	(4,526)

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: \$705,099,000

Investment in Capital Assets: \$444,079,000

Deferred Capital Contributions: \$186,327,000

The net value of capital assets as at April 30, 2022 comprised:

	2022 \$000	2021 \$000	Increase (Decrease) \$000
<b>Capital Assets:</b>			
Land and buildings	977,449	949,468	27,981
Co-Generation Plant	21,879	21,192	687
Equipment and furnishings	99,627	96,226	3,401
Computers and software	14,947	12,212	2,735
Automobile	664	407	257
Library	20,149	21,732	(1,583)
	<u>1,134,715</u>	<u>1,101,237</u>	<u>33,478</u>
Less: Accumulated depreciation	(429,616)	(398,708)	(30,908)
Net capital assets	<u>705,099</u>	<u>702,529</u>	<u>2,570</u>
<b>Funding:</b>			
Investment in capital assets	444,079	445,151	(1,072)
Deferred capital contributions	186,327	191,527	(5,200)
Total funding	<u>630,406</u>	<u>636,678</u>	<u>(6,272)</u>
Unfunded assets	<u>74,693</u>	<u>65,851</u>	<u>8,842</u>
<b>Financed by:</b>			
Loans payable	49,226	52,621	(3,395)
Other short-term borrowing	25,467	13,230	12,237
Total	<u>74,693</u>	<u>65,851</u>	<u>8,842</u>

The specific capital assets funded through financing are as follows:

	2022 \$000	2021 \$000	Increase (Decrease) \$000
<b>External loan financing:</b>			
Prescott residence	8,004	8,985	(981)
Leeds residence	6,025	7,183	(1,158)
Frontenac residence	11,098	11,481	(383)
Lennox & Addington residence	24,099	24,972	(873)
	49,226	52,621	(3,395)
<b>Internal loan financing:</b>			
P6/P7 Parking Garage	21,440	21,948	(508)
Housing and Food Services renovations	6,711	7,163	(452)
Ice Arena	2,497	3,046	(549)
Alumni Hall and Sports Centre	-	1,205	(1,205)
Field Bleachers	-	780	(780)
Building Fit-ups (funding in advance of expense)	(5,181)	(20,912)	15,731
	25,467	13,230	12,237
<b>Financed assets</b>	<b>74,693</b>	<b>65,851</b>	<b>8,842</b>

### 3.3.8 Art Collections: \$24,909,000

#### Investment in Collections: \$24,909,000

The net value of the art collection as at April 30, 2022:

	2022 \$000	2021 \$000	Increase (Decrease) \$000
Art Collection	24,909	24,909	-
<b>Total</b>	<b>24,909</b>	<b>24,909</b>	<b>-</b>

### 3.3.9 Net Assets, requiring an application of resources - \$112,479,000

The net assets classified as an application of resources include:

	2022 \$000	2021 \$000	Increase (Decrease) \$000
Provision for employee future benefits	112,479	79,050	33,429
<b>Total</b>	<b>112,479</b>	<b>79,050</b>	<b>33,429</b>

As discussed in section 3.2.5, this represents the unfunded balance of employee future benefits as at April 30, 2022.

**General Operating Fund 2021-22**  
**Income, Expenses and Accumulated Surplus**  
**Comparison To Budget (May 2021) and 2020-21 Actual**

	2021-22	2021-22	Actual to Budget		2020-21	Actual to Prior	
	Actual	Budget			Actual	Year	
<b>INCOME</b>	\$000's	\$000's	\$000's	%	\$000's	\$000's	%
Government Grant	175,473	174,126	1,347	0.8	175,947	(474)	(0.3)
Tuition Fees	307,333	311,200	(3,867)	(1.2)	309,328	(1,995)	(0.6)
Miscellaneous Income	14,104	11,726	2,378	20.3	12,533	1,571	12.5
Investment Income	10,978	10,000	978	9.8	42,712	(31,734)	(74.3)
Departmental Income	9,573	9,695	(122)	(1.3)	7,500	2,073	27.6
<b>Total Operating Income</b>	<b>517,461</b>	<b>516,747</b>	<b>714</b>	<b>0.1</b>	<b>548,020</b>	<b>(30,559)</b>	<b>(5.6)</b>
<b>EXPENSES</b>							
Faculty of Arts & Social Sciences	58,743	59,012	(269)	(0.5)	57,182	1,561	2.7
Faculty of Public Affairs	40,026	39,000	1,026	2.6	39,187	839	2.1
Sprott School of Business	16,020	15,515	505	3.3	14,061	1,959	13.9
Faculty of Science	43,442	41,361	2,081	5.0	40,187	3,255	8.1
Faculty of Engineering and Design	44,021	42,839	1,182	2.8	38,691	5,330	13.8
Provost and Vice-President (Academic)	16,104	17,382	(1,278)	(7.4)	16,573	(469)	(2.8)
Vice-President (Students and Enrolment)	29,175	29,853	(678)	(2.3)	25,585	3,590	14.0
Library	9,978	11,722	(1,744)	(14.9)	10,899	(921)	(8.5)
Vice-President (Research and International)	5,686	3,248	2,438	75.1	4,490	1,196	26.6
Vice-President (Finance & Administration)	50,218	57,744	(7,526)	(13.0)	50,914	(696)	(1.4)
Advancement	5,660	5,501	159	2.9	4,657	1,003	21.5
President	4,907	5,229	(322)	(6.2)	3,699	1,208	32.7
University Budgets and Provisions	184,036	154,281	29,755	19.3	154,762	29,274	18.9
Interfund Transfers (net)	35,629	34,060	1,569	4.6	59,408	(23,779)	(40.0)
<b>Sub-Total Operating Expenses</b>	<b>543,645</b>	<b>516,747</b>	<b>26,898</b>	<b>5.2</b>	<b>520,295</b>	<b>23,350</b>	<b>4.5</b>
Net Appropriations	(26,184)	-	(26,184)		27,725	(53,909)	
<b>Total Expenses</b>	<b>517,461</b>	<b>516,747</b>	<b>714</b>	<b>0.1</b>	<b>548,020</b>	<b>(30,559)</b>	<b>(5.6)</b>
<b>Increase/(Decrease) in Surplus for the Year</b>	-	-	-		-	-	
Opening Accumulated Surplus/(Deficit)	-	-	-		-	-	
Closing Accumulated Surplus/(Deficit)	-	-	-		-	-	



# Carleton University

Audit Findings Report  
for the year ended April 30, 2022

*KPMG LLP*

Licensed Public Accountants

Prepared as of August 5, 2022 for presentation to  
the Audit and Risk Committee on September 14,  
2022

[kpmg.ca/audit](https://kpmg.ca/audit)

**KPMG**



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# KPMG contacts

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## Our refreshed Values

### What we believe

 Integrity  
We do what is right.

 Excellence  
We never stop learning and improving.

 Courage  
We think and act boldly.

 Together  
We respect each other and draw strength from our differences.

 For Better  
We do what matters.

# Audit highlights

## Purpose of this report<sup>1</sup>

The purpose of this report is to assist you, as a member of the Audit and Risk Committee, in your review of the results of our audit of the consolidated financial statements as at and for the period ended April 30, 2022. This report builds on the Audit Plan we presented to the Audit and Risk Committee.

### Status of the audit

As August 5, 2022 we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completion and review of certain audit procedures;
- Completing our discussions with the Audit and Risk Committee;
- Receipt of legal letter confirmations;
- Completion of subsequent event procedures up to the date of the Board of Governors meeting date;
- Review of the Financial Report to the Board of Governors;
- Obtaining evidence of the Board's approval of the financial statements; and
- Obtaining the signed management representation letter

We will update the Audit and Risk Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditors' report, a draft of which is provided in Appendix 1: Other required communications, will be dated upon the completion of any remaining procedures

### Significant changes from the audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

### Going concern

No matters to report.

### Significant risks and other significant matters

There are no significant findings to communicate related to significant risks or other significant matters.

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<sup>1</sup> This report to the audit committee is intended solely for the information and use of Management, the Audit and Risk Committee, and the Board of Governors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Audit highlights (continued)

## Audit differences

Professional standards require that we request of management and the audit and risk committee that all identified audit misstatements be corrected.

We have not identified any differences that were subsequently corrected by management, nor any differences that remain uncorrected.

## Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Refer to Appendix 1: Other required communications for our management letter.

## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

## Independence

We are independent with respect to the University, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

Refer to Appendix 1: Other required communications for our most recent independence letter.

# Complex accounting estimates

Management is required to disclose information in the financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be “critical accounting estimates.”

We have summarized our assessment of the subjective areas.

Asset / Liability	Balance (\$'000's)	KPMG Comment
Employee Future Benefits Liability (including pension benefits)	\$112,479 (2021 - \$79,050)	<ul style="list-style-type: none"> <li>— The University uses the funding valuations to account for its liabilities associated with all employee future benefits. The valuations were performed by Mercer, the University’s actuary where the most recent actuarial valuation of the pension plan was performed as of July 1, 2019 and the results have been extrapolated to April 30, 2022. The most recent valuation for the non pension post-retirement and post-employment benefit plans was performed as of July 1, 2021 and the results have been extrapolated to April 30, 2022.</li> <li>— As management utilized an expert in preparing the actuarial valuations, KPMG assessed the professional competence and objectivity of management’s expert.</li> <li>— KPMG assessed that an acceptable model was used, key assumptions were reasonable and that the value calculated by the actuary was accurate based on the inputs. Key assumptions included the rate of compensation increase, discount rate and health cost assumptions.</li> <li>— KPMG reviewed the disclosures in the notes to the financial statements.</li> <li>— We believe management’s process for estimating the Employee Future Benefits Liability is appropriate. Based on our audit procedures, KPMG believes that the account balances are reasonable in the context of the financial statements as a whole.</li> </ul>
Long-term debt (fair value of Interest rate swaps)	\$1,588 (2021 - \$7,818)	<ul style="list-style-type: none"> <li>— KPMG specialists assessed that an acceptable model was used, key assumptions were reasonable and that the values were accurate based on the inputs. Key assumptions included the credit valuation adjustment, client credit ratings, and counterparty credit rating assumptions.</li> <li>— KPMG reviewed the disclosures in the notes to the financial statements.</li> <li>— We believe that management’s process for estimating the fair value of interest rate swaps is appropriate. Based on our audit procedures, KPMG believes that the financial statement disclosure is reasonable.</li> </ul>

# Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified.

Significant financial reporting risk	New or changed?	Estimate?
Fraud risk from management override of controls	No	No

## Our response

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.

We took the following steps to address this risk as required under professional standards:

- Evaluated the design and implementation of controls surrounding journal entries and other adjustments;
- Determined criteria to identify high-risk journal entries and other adjustments; and
- Tested high-risk journal entries and other adjustments made at the end of the reporting period.

## Significant findings

We did not uncover any issues during performance of the procedures described above.

# Significant accounting policies and practices

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## Initial selections

There were no new significant accounting policies and practices that were selected and applied during the period.

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## Changes

There were no changes to significant accounting policies and practices.

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## Future Implementation

No concerns regarding future implementation.

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## Significant qualitative aspects of the University's accounting policies and practices

There are no items to report.

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# Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to presentation and disclosure items are in the management representation letter.

We also highlight the following:

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Form, arrangement, and content of the financial statements	We believe the financial statement presentation and disclosure are adequate.  At year-end we provide feedback to management on the financial statement notes including providing minor wording suggestions and note updates, management adopted all our suggested changes.
Significant qualitative aspects of financial statement presentation and disclosure	Nothing to report.

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# Uncorrected and corrected audit misstatements

As you will recall from our Audit Planning Report, materiality for fiscal 2022 was set at \$10,750,000 for the financial statements and to respond to aggregation risk we used a performance materiality of \$8,062,500 at the financial statement caption level. The thresholds set translated into an audit misstatement posting threshold of \$537,500. As such, all misstatements identified during the audit greater than \$537,500 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and Audit and Risk Committee that all identified adjustments or differences be corrected. We have already made this request of management.

## Uncorrected audit misstatements

We did not identify any adjustments that were communicated to management and remain uncorrected.

## Corrected audit misstatements

We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.

# Control deficiencies

## Consideration of internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

In planning and performing our audit, we considered ICFR relevant to the Entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## Significant deficiencies in internal control over financial reporting

Description	Potential effect
We have not identified any significant deficiencies.	N/A

# Other observations

Description	Potential effect
Please refer to Appendix 1: Other required communications which communicates that we have not identified any findings.	N/A

# Additional audit-related work

KPMG performed the following services in addition to the audit of the consolidated financial statements of the University, either as a required deliverable per the engagement letter, management, or per request from the Audit and Risk Committee.

Other audit and assurance work	
Enrolment audit	KPMG performed the audit that is required by the MCU for the 2021 – 2022 enrolment year.
Other audits	<p>KPMG was engaged to perform the below additional audits.</p> <p>Completed:</p> <ul style="list-style-type: none"> <li>– Annual Reconciliation Report of Carleton University Attendant Care Services</li> <li>– Financial Statements of the Carleton University Foundation (U.S.)</li> <li>– Facilities Renewal Program Audit Statement of Carleton University.</li> </ul> <p>In-Progress:</p> <ul style="list-style-type: none"> <li>– Schedule of Occupancy Costs of the Carleton Technology and Training Centre.</li> <li>– Summary Enrolment Report for the Carleton University Bachelor of information Technology Program</li> <li>– William D. Ford Federal Direct Loan Program.</li> </ul> <p>Upcoming:</p> <ul style="list-style-type: none"> <li>– Financial Statements of the Pension Fund of the Carleton University Retirement Plan for the period ended June 30, 2022</li> </ul>
Other audit and assurance work	
COVID-19 procedures	KPMG has identified additional, one-time audit procedures required to support our audit opinion of the financial statements due to the ongoing COVID-19 pandemic that were discussed with Management. KPMG worked with management to update a condensed summary version of the previous 41-page mandatory COVID-19 and IT questionnaire to satisfy our audit requirements as they relate to the potential impacts to the University. There were no significant impacts noted for the current year. We performed detailed testing over the inputs in building our expectations given trend analysis was not expected to be predictive of current year results.

# Additional audit-related work (continued)

Other audit and assurance work	
Data & Analytics	As part of the move to a data and analytic enabled audit approach, data and analytics will be used as audit evidence to support the work around journal entries and tuition revenue, and the risk assessment process. In the current year, KPMG investigated performing a three-way match over investments and will consider this procedure in future periods. KPMG will work with the investment managers through the confirmation process in future periods to receive the necessary reporting to enable to execution of this routine.
Information Technology	KPMG performed procedures to update our understanding of the IT environment in support of our evolution towards data and analytics enabled and controls-reliant audit approach. There were no issues identified as a result of the work performed.
Ancillary Service review	Each year, KPMG selects an ancillary, an operating department or a trust fund on a rotation basis and performs additional audit procedures. This process allows us to focus on the operations of one ancillary or department and gather audit evidence at the financial statement audit level, on the ancillary's specific controls and procedures. For the 2021-2022 audit, we had performed these procedures on the Housing and Residence Life ancillary and have no findings to bring to your attention as a result of performing these procedures.

# Appendices

## Content

**Appendix 1: Other required communications**

**Appendix 2: How do we deliver audit quality**

**Appendix 3: Upcoming changes to auditing standards**

**Appendix 4: Environment Social and Governance**

**Appendix 5: Audit and assurance insights**



# Appendix 1: Other required communications

## Audit Quality in Canada

The reports available through the following links were published by the Canadian Public Accountability Board to inform audit committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2020 Annual Inspections Results](#)

## Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit and Risk Committee.

# Draft Auditors' Report

## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Carleton University

### **Opinion**

We have audited the consolidated financial statements of Carleton University (the "Entity"), which comprise:

- the consolidated statement of financial position as at April 30, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2022, and its consolidated results of operations, its consolidated changes in net assets and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

Date

# Management Representation Letter

KPMG LLP  
Suite 1800  
150 Elgin Street  
Ottawa, Ontario K2P 2P8

## DATE

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Carleton University (“the Entity”) as at and for the period ended April 30, 2022.

### *General:*

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### *Responsibilities:*

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated February 23, 2022, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also

acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

*Internal control over financial reporting:*

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

*Fraud & non-compliance with laws and regulations:*

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

*Subsequent events:*

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

*Related parties:*

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

*Estimates:*

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

*Going concern:*

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

*Other information:*

- 11) We confirm that the final version of the annual report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your required procedures in accordance with professional standards.

*Non-SEC registrants or non-reporting issuers:*

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

---

Dr. Benoit-Antoine Bacon, President and Vice-Chancellor

---

Ms. Lorraine Dyke, Vice-President (Finance and Administration)

cc: Audit and Risk Committee

## ***Attachment I – Definitions***

### *Materiality*

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### *Fraud & error*

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of a University's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

# Management Letter



KPMG LLP  
150 Elgin Street, Suite 1800  
Ottawa, ON K2P 2P8 Canada  
Telephone 613-212-5764  
Fax 613-212-2896

Ms. Marion Fraser  
Chair of the Audit and Risk Committee  
Carleton University  
1125 Colonel By Drive  
Ottawa, ON K1S 5B6

DATE

Dear Ms. Fraser,

In planning and performing our audit of the consolidated financial statements of Carleton University ("the Entity") for the period ended April 30, 2022, we obtained an understanding of internal control over financial reporting (ICFR) relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR. Accordingly, we do not express an opinion on the effectiveness of the Entity's ICFR.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies or other control deficiencies have been identified. As a result, any matters reported below are limited to those deficiencies in ICFR that we identified during the audit. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Refer to the Appendices for the definitions of various control deficiencies.

## ***Significant Deficiencies***

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

## ***Other control deficiencies***

We did not identify any other control deficiencies in ICFR to bring to your attention during our audit.



***Use of letter***

This letter is for the use of management and those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purpose or by anyone other than management and those charged with governance.

KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

Licensed Public Accountants

cc: Audit and Risk Committee

## Appendices

Terminology	Definition
<p><b>Deficiency in Internal Control</b>            (“control deficiency”)</p>	<p>A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.</p> <p>A deficiency in design exists when (a) a control necessary to prevent, or detect and correct, misstatements in the financial statements is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control is unable to prevent, or detect and correct, misstatements in the financial statements.</p> <p>A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.</p>
<p><b>Significant Deficiency in Internal Control</b>            (“significant deficiency”)</p>	<p>A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.</p>



# Independence Letter



KPMG LLP  
150 Elgin Street, Suite 1800  
Ottawa ON K2P 2P8  
Canada  
Telephone 613-212-5764  
Fax 613-212-2896

Ms. Marion Fraser  
Chair of the Audit and Risk Committee  
Carleton University  
1125 Colonel By Drive  
Ottawa, ON K1S 5B6

September 14, 2022

Dear Ms. Fraser:

Professional standards specify that we communicate to you in writing all relationships between the Carleton University (the "Entity") and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we consider relevant rules and related interpretations prescribed by the relevant professional bodies and any applicable legislation or regulation, covering such matters as:

- a) provision of services in addition to the audit engagement
- b) other relationships such as:
  - holding a financial interest, either directly or indirectly, in a client
  - holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client

- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
- economic dependence on a client

#### **PROVISION OF SERVICES**

The appendix summarizes the professional fees paid or payable to our firm relating to our audit of the April 30, 2022 consolidated financial statements and the professional fees for other professional services billed from May 1, 2021 to the date of this letter.

#### **SAFEGUARDS**

Professional standards require that we communicate the related safeguards that have been applied to eliminate identified threats to independence or to reduce them to an acceptable level. We have not provided any prohibited services. We have applied the following safeguards regarding threats to independence created by these services:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions.
- We obtained management’s acknowledgement of responsibility for the results of the work performed by us regarding non-audit services and we have not made any management decisions or assumed responsibility for such decisions.
- We obtained pre-approval of non-audit services and during this pre-approval process we discussed the nature of the engagement and other independence issues related to the services.

#### **OTHER RELATIONSHIPS**

We are not aware of any other relationships between our firm and the Entity (and its related entities) that may reasonably be thought to bear on our independence from May 1, 2021 up to the date of our auditor’s report.

#### **CONFIRMATION OF INDEPENDENCE**

We confirm that, as of the date of this letter, we are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

#### **OTHER MATTERS**

This letter is confidential and intended solely for use by those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purposes.

KPMG shall have no responsibility for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

Chartered Professional Accountants, Licensed Public Accountants



**APPENDIX: PROFESSIONAL FEES FOR THE PROVISION OF SERVICES**

The table below summarizes the professional fees paid or payable to our firm relating to our audit of the April 30, 2022 consolidated financial statements and the professional fees for other professional services billed in the fiscal year April 30, 2022.

		<b>2022 Fees</b>
Financial Statement Audit	-Carleton University -Pension Fund of Carleton University Retirement Plan -Enrolment Report -Carleton University Foundation (US) -BIT Enrolment -Schedule of Occupancy Costs - CTTC -Attendant Care Services Program -US Department of Education's Foreign School Audit Guide – 2022 academic year	\$72,950 \$15,245 \$12,630 \$1,000 \$3,160 \$4,550 \$2,380 \$3,475 \$115,390
Tax	-Indirect tax services -Tax Advisory Services	\$31,437 \$2,825 \$34,262
<b>Total</b>		<b>\$149,652</b>



# Appendix 2: How do we deliver audit quality?

**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

‘**Perform quality engagements**’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define ‘**audit quality**’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Visit our [Resources](#) page for more information.

**Doing the right thing. Always.**

# Appendix 3: Upcoming changes to auditing standards

The following changes to auditing standards applicable to our 2022 audit are listed below.

Standard	Key observations
<b>Revised CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i></b>	<p>Revised CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i> has been released and is effective for audits of financial statements for periods beginning on or after December 15, 2021.</p> <p>The standard has been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. Key changes include:</p> <ul style="list-style-type: none"><li>– Enhanced requirements relating to exercising professional skepticism</li><li>– Distinguishing the nature of, and clarifying the extent of, work needed for indirect and direct controls</li><li>– Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of controls</li><li>– Introduction of scalability</li><li>– Incorporation of considerations for using automated tools and techniques</li><li>– New and revised concepts and definitions related to identification and assessment of risk</li><li>– Strengthened documentation requirements</li></ul> <p>CPA Canada plans to publish a Client Briefing document in early 2022 to help you better understand the changes you can expect on your 2022 audit.</p>

# Appendix 4: Environment Social and Governance (ESG)

When thinking about ESG, the following are the two key considerations

## Financial Reporting Impacts

- How a Organization reflects the impacts of climate-related matters in the financial statements will depend on its specific facts and circumstances, including the nature and extent of those impacts on the Organization.
- IFRS Standards do not refer explicitly to climate-related risks or climate-related matters, but they implicitly require relevant disclosures in the financial statements when climate-related matters considered in preparing the financial statements are material.
- Organizations are required to consider materiality carefully in deciding what information to provide as information may be material even though there is no current-period financial impact.



Accounting impacts from ESG-related risks and opportunities on key areas of judgement and estimates that may be relevant will vary by industry.

## Sustainability Reporting

- ESG-related information is frequently disclosed outside of traditional financial statements whether in be in separate sustainability reports but also could be within the MD&A and/or AIF
- Such information can be in the form of key metrics as identified by management or specific qualitative information around key risks and opportunities



Common voluntary disclosure frameworks used are Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) by industry, and the Taskforce on Climate-Related Financial Disclosures (TCFD).

# Appendix 4: Environment Social and Governance (continued)

## How might climate-related risks impact the financial statements?

The audit committee's deep understanding of internal control and financial reporting puts it in a good position to challenge management to develop systems and processes for ESG risk and opportunity identification, to create resilient strategies to manage these risks, to develop metrics, processes and controls around data collection and ESG reporting.

The following are ten questions as a starting point to assess the impact on financial statements.



10 questions to start  
impact assessment  
of climate-related  
risks to the financial  
statements

- 01 Has your Organization made a net-zero commitment?
- 02 Does your Organization have polluting assets?
- 03 Is your Organization exposed to carbon-related regulation?
- 04 What about your inventory and production costs?
- 05 Does your Organization take part in an emissions scheme?
- 06 Does your Organization borrow funds?
- 07 Is your Organization a provider of finance?
- 08 What about your staff benefits?
- 09 What about your cash flow forecasts?
- 10 What about your disclosures?

# Appendix 4: Environment Social and Governance (continued)

## The Importance of ESG



### Public Commitment

Increased public commitments to global initiatives and announcements relating to climate change, nature, sustainable development goals, impact and social issues.



### Access to capital

Investors, lenders and underwriters increasingly factor in ESG considerations when making investment decisions, offer sustainability-linked products and require sustainability-related information from customers and clients.



### Regulatory developments

ESG-related compliance costs and disclosure requirements continue to evolve, as securities commissions, prudential supervisors, stock exchanges and governments tighten the rules.



### Reporting standards

Measurement and reporting of ESG-related information is maturing rapidly, as investor-centric disclosure standards are making headway (e.g. ISSB, TCFD, SASB).



### Societal pressure

Stakeholders increasingly scrutinize companies' ESG performance and transparency affecting project approval, brand acceptance and consumer demand.



### Climate change

Widespread recognition that climate change is a material financial risk – measuring and managing climate risks (and opportunities) is maturing and considered critical to financial risk management.



### Enhanced risk management and investment returns

ESG integration has become an investment norm. 75% of institutional investors now consider ESG factors to be “material” to their investment analysis.



### Workforce of the future

ESG has become a key factor in attracting and retaining top talent, as employees are seeking purpose from their work.

# Appendix 4: Environment Social and Governance (continued)

## Role of the Audit Committee

The Audit Committee will need to be involved in overseeing the development of policies, systems, processes, internal controls, governance and assurance for ESG data and reporting similar to that which is in place for collecting and disclosing financial information.

### Questions for Management

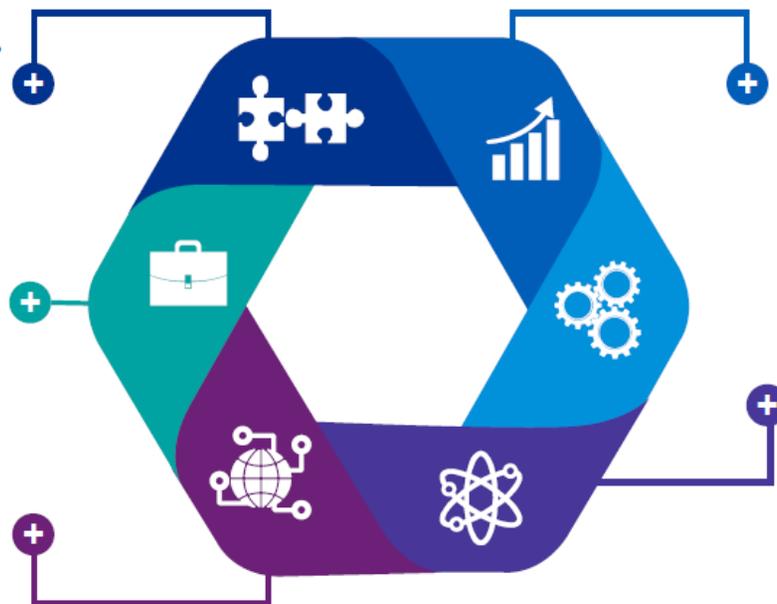
**What are the ESG topics that align to Organization's and stakeholders' priorities?**  
Audit committees should understand stakeholders' priorities and the Organization's material ESG issues, particularly, where those two topics overlap.

**Is the Organization currently reporting on its ESG efforts, and where?**

The data's importance to a Organization's ESG strategy, including financial materiality, should align with corresponding regulations and levels of risk associated with the data. This should determine the reporting method.

**Are there established processes and controls in place for data collection and reporting?**

Collecting data in a consistent method is important. In some cases, there is an established standard that is accepted by almost all investor groups. For example, the Greenhouse Gas Protocol is widely recognized as a way to report on emissions.



**What level of assurance is the Organization getting on ESG metrics? What is being assured, by whom, and what is the value of the assurance?**

It is critical for companies to begin to identify their priorities before pressure from customers, shareholders, and others push to accelerate the Organization's timeline. Audit committees are best positioned to understand which metrics merit assurance.

**How should the Organization think about value creation and competitors when engaging on ESG?**

Audit committees should take steps to understand the business and competitive environment regarding ESG strategy and reporting. Developing a clear ESG strategy, along with a standardized reporting process can set a Organization apart from its competition, as investors, customers, and other stakeholders increase their scrutiny.

# Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
<b>Accelerate 2022</b>	The key issues driving the audit committee agenda in 2022	<a href="#">Learn more</a>
<b>Reimagining Student Experience in Higher Education</b>	KPMG in Canada undertook a national poll of students on their expectations for education in a post-pandemic world and learned that there is a prevalent belief that educational institutions of the future will bear little resemblance to those of today. Shifting priorities amongst students mean that institutions will need to adapt in order to compete in the future landscape.	<a href="#">Learn more</a>
<b>Audit Committee Guide – Canadian Edition</b>	A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada	<a href="#">Learn more</a>
<b>Unleashing the positive in net zero</b>	Real solutions for a sustainable and responsible future	<a href="#">Learn more</a>
<b>KPMG Audit &amp; Assurance Insights</b>	Curated research and insights for audit committees and boards.	<a href="#">Learn more</a>
<b>Board Leadership Centre</b>	Leading insights to help board members maximize boardroom opportunities.	<a href="#">Learn more</a>
<b>KPMG Climate Change Financial Reporting Resource Centre</b>	Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.	<a href="#">Learn more</a>
<b>The business implications of coronavirus (COVID 19)</b>	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	<a href="#">Learn more</a>
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center.	<a href="#">Learn more</a>
<b>Momentum</b>	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	<a href="#">Sign-up now</a>
<b>KPMG Learning Academy</b>	Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.	<a href="#">Learn more</a>



[kpmg.ca/audit](https://kpmg.ca/audit)

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KPMG member firms around the world have 227,000 professionals, in 146 countries.



# **AGENDA ITEM**

## **6.1**

<b>To:</b>	Board of Governors	<b>Date of Report:</b> 17 August 2022
<b>From:</b>	Clerk of Senate	<b>Date of Meeting:</b> 4 October 2022
<b>Subject:</b>	<b>Senate Annual Report</b>	
<b>Responsible Portfolio:</b>	University Secretariat	

## 1.0 PURPOSE

For Approval  For Information  For Discussion

## 2.0 MOTION

The report is for information only.

## 3.0 EXECUTIVE SUMMARY

The report outlines the work Senate completed between July 1, 2021 and June 30, 2022. As the highest academic body at Carleton, Senate is responsible for making decisions that pertain to students and faculty, including: approving graduates, new programs, revising curricula, and endorsing or approving university strategies or reports etc. This year, Senate held eight meetings. With the ongoing pandemic, Senate approved a mixed delivery model of learning for both winter and spring terms as well as compassionate grading options for undergraduate students. Additionally, over the course of the academic year, Senate received nine community presentations and approved: 6,664 graduates, 260 medalists, seven honorary degrees, two new programs, 11 new minors, concentrations, streams & specializations, 12 cyclical reviews, and one policy.

## 4.0 INPUT FROM OTHER SOURCES

This report was developed by the University Secretariat to outline the work of Senate over 2021/2022 academic year.

## 5.0 ANALYSIS AND STRATEGIC ALIGNMENT

Carleton is a bicameral institution, meaning governance is shared by the Board of Governors and Senate. As part of this structure, it is important that the Board receives an annual report from Senate. This report will provide Governors with an overview and understanding of the various initiatives completed or underway by Carleton's Senate. These initiatives align with the new Strategic Integrated Plan's strategic direction of Share Knowledge, Shape the Future.

## 6.0 FINANCIAL IMPLICATIONS

This report has no financial implications and is for the Board's information only.

## 7.0 RISK, LEGAL AND COMPLIANCE ASSESSMENT

There are no risk or legal implications.

## 8.0 REPUTATIONAL IMPLICATIONS AND COMMUNICATIONS STRATEGY

The work of Senate is communicated through its annual report and monthly meeting summaries called, Inside Senate. Inside Senate is a high-level summary that ensures Senate's key decisions are accessible to the Carleton community just days after each meeting. The annual report compiles these meeting summaries into one cohesive public facing document. Both are distributed to the university community through Carleton's Top 5 newsletter and are posted on Senate's external website: [www.carleton.ca/senate](http://www.carleton.ca/senate)

9.0 OVERALL RISK MANAGEMENT ANALYSIS

	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
STRATEGIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LEGAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OPERATIONAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TECHNOLOGICAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FINANCIAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REPUTATIONAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

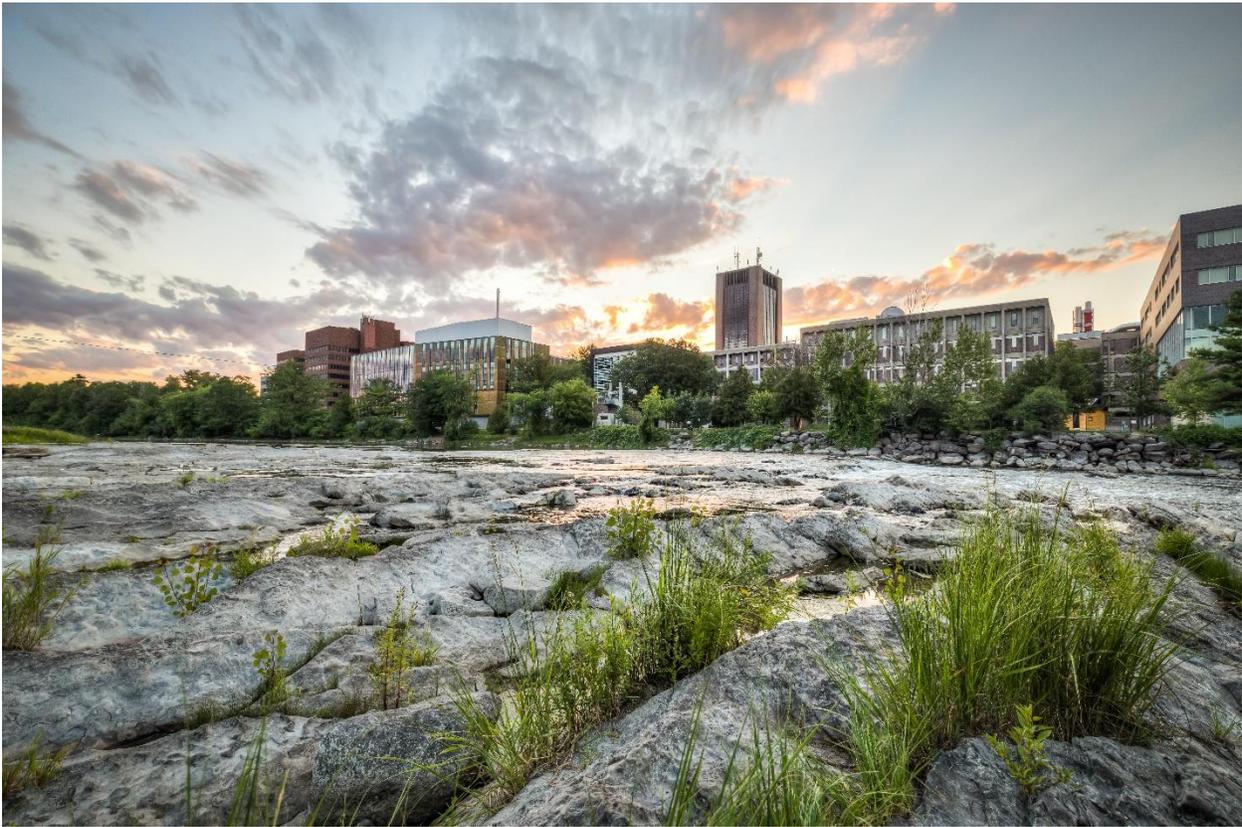
# Senate Annual Report

July 1, 2021 – June 30, 2022



**Carleton**  
University





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## Year in Review

Senate met eight times throughout the 2021/22 academic year: September 24, October 22, November 26, January 28, February 25, March 25, April 22, and June 3.

With the ongoing pandemic, Senate approved a mixed delivery model of learning for both the winter and spring terms as well as compassionate grading options for Fall 2021 and Winter 2022. In addition to these significant updates, Senate also received nine community presentations and approved:

- 6,664 graduates
- 260 medals and prizes
- 7 honorary degrees
- 2 new programs
- 11 new minors, concentrations, streams & specializations
- 12 cyclical reviews
- 1 policy

## About Senate

Senate is the highest academic body at Carleton University. As steward over the university's academic governance, Senate makes decisions of importance to students and faculty. Regular work of the Senate includes awarding degrees, approving medalists, developing scholarships, approving new programs and revising curricula, and establishing regulations concerning students' academic work. Additionally, Senators oversee and provide feedback on important university documents and strategies. To help exercise its powers, Senate has 14 standing committees.

Senate is comprised of up to 86 members representing the Carleton community:

- 40 faculty members
- 2 contract instructors
- 10 elected undergraduate students
- 3 graduate students
- 23 ex-officio members
- 4 members of the Board of Governors
- up to 4 special appointments

Carleton University's President and Vice-Chancellor, Benoit-Antoine Bacon, serves as Chair of the Senate.

Elinor Sloan, a faculty member, serves as Clerk of Senate and manages the affairs of Senate with the support of the University Secretariat.

# Senate Membership 2021/22

## Ex Officio Members

- Yaprak Baltacıoğlu, Chancellor
- Benoit Antoine Bacon, President, Vice-Chancellor & Chair of Senate
- Elinor Sloan, Clerk of Senate
- Suzanne Blanchard, Vice-President (Students & Enrolment) & University Registrar
- Rafik Goubran, Vice-President (Research & International)
- Jerry Tomberlin, Provost & Vice-President (Academic)
- Cindy Taylor, Interim Vice-President (Finance & Administration) (to March 31 2022)
- Lorraine Dyke, Vice-President (Finance & Administration) (April 1 – June 30, 2022)
- Dwight Deugo, Vice-Provost & Associate Vice-President (Academic)
- Maria DeRosa, Dean, Faculty of Science
- Larry Kostiuik, Dean, Faculty of Engineering & Design
- Pauline Rankin, Dean, Faculty of Arts & Social Sciences
- Brenda O'Neill, Dean, Faculty of Public Affairs
- Dana Brown, Dean, Sprott School of Business
- Patrice Smith, Dean, Faculty of Graduate & Postdoctoral Affairs
- Amber Lannon, University Librarian
- Bjarki Hallgrímsson, Director, School of Industrial Design
- Michel Barbeau, Director, School of Computer Science
- Federica Goffi, Interim Director, Azrieli School of Architecture & Urbanism
- Christopher Joslin, Director, School of Information Technology
- Chi Chi Ayalogu, President, GSA, (to April 30 2022)
- Milan Sanghani, President, GSA, (May 1 2022 – June 30 2022)
- Victoria Asi, Vice President, GSA, (to April 30, 2022)
- Hande Uz Ozcan, Vice-President (Academic), GSA, (May 1, 2022 – June 30, 2022)
- Ahmad Hashimi, Acting CUSA President, (to April 30, 2022)
- Anastasia Lettieri, President, CUSA, (May 1 – June 30, 2022)
- Jennifer Ramnarine, President, CASG, (to April 30, 2022)
- Dakota Livingston, President, CASG, (May 1 – June 30, 2022)

## Board of Governors Representatives

- Gail Garland, Board Member
- Louise Hayes, Board Member
- Brenda O'Connor, Board Member
- Jane Taber, Board Member

## Special Appointments to Senate

- Margaret Haines, Alumni Representative
- Kim Hellemans, Academic Colleague

## Elected Faculty Senators

- Samuel Ajila, Engineering & Design
- Peter Andrée, Public Affairs
- Manuel Baez, Engineering & Design - Architecture
- Olga Baysal, Science – Computer Science
- Vandna Bhatia, Public Affairs (Faculty Board Secretary)
- Bernadette Campbell, Arts & Social Sciences
- Andrea Chandler, Public Affairs
- Tina Daniels, Arts & Social Sciences
- Jeffrey Dawson, Science
- Chiara DelGaudio, Engineering & Design - Industrial Design
- Paulo Garcia, Engineering & Design (Faculty Board Secretary) (to December 31, 2021)
- Dag Gillberg, Science
- Sonia Gulati, Science
- Farah Hosseinian, Science
- Jacob Kovalio, Arts & Social Sciences
- Ernest Kwan, Sprott (Faculty Board Secretary)
- Christine Laurendeau, Science – Computer Science
- Marlene Lundy, Arts and Social Sciences
- Beth MacLeod, Arts and Social Sciences (Faculty Board Secretary)
- Jonathan Malloy, Public Affairs
- Ruth McKay, Sprott
- James Milner, Public Affairs
- Paul Mkandawire, Arts & Social Sciences
- Mike Murphy, Arts & Social Sciences
- Julie Murray, Arts & Social Sciences
- Howard Nemiroff, Sprott
- Augustine Park, Arts & Social Sciences
- Donald Russell, Engineering & Design
- Shazia Sadaf, Arts & Social Sciences
- Julia Sinclair-Palm, Arts & Social Sciences
- Siva Sivathayalan, Engineering & Design
- David Sprague, Engineering & Design – Information Technology
- Karen Taylor, Engineering and Design (Faculty Board Secretary) (Jan 1 – June 30 2022)
- John Voordouw, Engineering & Design – Architecture
- Julia Wallace, Science (Faculty Board Secretary)
- Paul Wilson, Public Affairs
- Pamela Wolff, Science
- Barry Wright, Public Affairs
- Winnie Ye, Engineering & Design
- Celia Young, Arts & Social Sciences

## Elected Contract Instructors

- Morgan Rooney, Arts & Social Sciences
- Kathleen Moss, Arts & Social Sciences

### **Elected Student Senators**

- Meghan Burns, Public Affairs
- Valentina Vera Gonzalez, Sprott School of Business
- Mackenzie Huckvale, Science
- Kimberley Keller, Arts & Social Sciences
- Cassandra Klein, Public Affairs
- Abigail MacGillivray, Engineering & Design
- Sean Maguire, Arts & Social Sciences
- Deborah Okoth, Business Analytics
- Gemma Patey, Public Affairs
- Mason Rodney, Public Affairs

## **A Mixed Model Approach & Compassionate Grading**

In an effort to stay abreast of the latest COVID-19 pandemic developments and ensure the continued health and safety of the Carleton community, Senate received presentations from the Carleton University Scenario Planning (CUSP) Working Group. These along with several updates from various other units covered topics such as the continuation of remote learning, compassionate grading, and the gradual return to campus.

### **Mixed Delivery Model Continues for Winter Term and Campus Return**

In early fall, Senate confirmed that winter 2022 courses would be offered through a mix of face-to-face and online delivery **to provide maximum flexibility for students** in line with the recommendations of the [Carleton University Scenario Planning \(CUSP\) Working Group](#).

Building on the success of the fall term, along with a decrease in COVID cases, CUSP recommended that Carleton proceed with the ongoing safe and gradual return to campus – a decision which led to the re-incorporation of more in-person courses for winter 2022. Online options remained available as staff and faculty began their return to campus in February.

### **Compassionate Grading for the 2021/22 Academic Year**

In light of the ongoing pandemic, Senate approved the extension of the [flexible, compassionate grading options](#) for the Fall 2021 and Winter 2022 terms. This allowed undergraduate students to designate 0.5 credit courses SAT if a passing grade was earned, and for all undergraduate F grades to be automatically converted to UNS.

# Graduation & Convocation

Senate's role in convocation includes approving convocation schedules, graduating students, and recipients of medals and prizes, as well as recommending potential recipients of honorary degrees and organizing the academic procession.

## Class of 2022 over 6,000 strong

Senate was pleased to approve the graduation of 5,078 undergraduate and 1,586 graduate students during the 2021/2022 academic year.

## Medals and Prizes

One of the core functions of the Senate is the approval of nominations for medals and prizes. In the 2021/22 academic year, Senate was pleased to approve 261 medalist nominations. The medals and prizes awarded include:

### Fall 2021

- 1 Governor General Gold Medal at the PhD Level
- 1 University Medal at the PhD Level
- 5 Senate Medals at the PhD Level
- 1 University Medal at the Master's Level
- 6 Senate Medals at Master's Level
- 1 Governor General Silver Medal at the Undergraduate Level
- 1 Chancellor's Medal at the Undergraduate Level
- 1 President's Medal at the Undergraduate Level
- 10 University Medals at the Undergraduate Level
- 26 Senate Medals at the Undergraduate Levels

### Spring 2022

- 1 Governor General Gold Medal at the PhD Level
- 1 University Medal at the PhD Level
- 5 Senate Medals at the PhD Level
- 1 University Medal at the Master's Level
- 5 Senate Medals at the Master's Level
- 2 Governor General Silver Medals at the Undergraduate Level
- 6 Chancellor's Medals at the Undergraduate Level
- 1 President's Medal at the Undergraduate Level
- 45 University Medals at the Undergraduate Level
- 140 Senate Medals at the Undergraduate Level

## **Honorary Degree Recipients**

At the June 2022 convocation, honorary degrees were awarded to the following seven individuals:

- John ApSimon, L.L.D
- Helen Branswell, L.L.D
- The Right Honourable Jean Chrétien, L.L.D
- Roger Greenberg, L.L.D
- Janice McDonald, L.L.D
- Claudette McGowan, L.L.D
- Bill Namagoose, L.L.D

## **Super Convocation**

June 2022 saw the resumption of in-person convocation ceremonies at Carleton for the first time in two years.

Over the course of 40 ceremonies held between June 13<sup>th</sup> and June 24<sup>th</sup> 6,736 students from the graduating classes of 2020, 2021 and 2022 crossed the stage to the proud applause of family, friends, and faculty.

Thank you to the Carleton community for rallying together to make this year's Super Convocation an unforgettable experience.

# Academic Programs & Curricula

## Major Modifications

Major modifications are integral to the continuous improvement of Carleton's programs. Over the course of the academic year, Senate approved 33 major modifications. The following are highlights of new programs, certificates, minors, and concentrations:

### New Graduate Programs

- GDIP in Social Statistics and Data Analysis

### New Undergraduate Programs

- BSc program in Physics (15.0 credits)

### New Minors

- Minor in Business (Sustainability)

### New Concentrations and Specializations

- Collaborative Specialization in Data Science (MSc in Chemistry)
- Collaborative Specialization In Latin American and Caribbean Studies (MA in Communication, MA in Migration & Diaspora Studies)
- Collaborative Specialization in African Studies (MA in Migration & Diaspora Studies)
- Concentration in Business Analytics
- Stream in Business Analytics
- Stream in Entrepreneurship
- Stream in Business (Sustainability)
- Collaborative Specialization in Digital Humanities (MA in Religion and Public Life)
- Collaborative Specialization in Climate Change (Mas in Economics, Geography, Migration and Diaspora Studies, Political Economy, Psychology, and Sustainable Energy, MSc in Geography, Masters in Architecture, MASC, and MENG in Civil Engineering)
- Collaborative Specialization in Climate Change (MA in History)

## Minor Modifications

Senate approved 42 minor modifications and received an additional 13 for information. Minor modifications are the most common type of academic change. They involve a wide variety of academic changes to existing programs such as calendar and regulation changes, the addition or deletion of courses, revisions to existing concentrations or minors, assigning course requirements, and course modifications.

## Cyclical Reviews

As part of Carleton University's Institutional Quality Assurance Process, all undergraduate and graduate programs are reviewed on a seven-year basis and the outcomes are brought to Senate for approval.

Senate approved 12 final assessment reports and executive summaries arising from the cyclical reviews of the following programs:

- Graduate programs in Biology
- Graduate programs in Computer Science
- Undergraduate programs in Communication and Media Studies
- PhD program in Social Work
- Undergraduate programs in Environmental Science
- Undergraduate programs in Earth Sciences
- Undergraduate and Graduate programs in French
- Graduate programs in Cultural Mediations
- Undergraduate and Master's Programs in Canadian Studies
- Undergraduate programs in Biochemistry
- Undergraduate program in Social Work
- Joint graduate programs in Earth Sciences

## New Name for Pauline Jewett Institute

Senate approved the name change of the Pauline Jewett Institute of Women's and Gender Studies to the [Feminist Institute of Social Transformation](#). The new name reflects a desire to find an umbrella category that represents all of the institute's programs and areas of study.

## Community Presentations

Senate encourages consultations from the Carleton community. During the academic year, Senate received nine presentations:

- Digital Strategy Consultation (September 2021) and Update (June 2022)
- SIP Implementation Report (September 2021)
- Student Mental Health Framework 3.0 (November 2021, March 2022)
- Community Engagement Strategy (November 2021)
- Carleton University Scenario Planning (CUSP) Working Group (October 2021, January 2022)
- Research Update (March 2022)
- 2022-23 Operating Budget Presentation (April 2022)
- “Share Knowledge, Shape the Future”, Carleton Academic Plan (June 2022)
- Kinàmàgawin ‘Learning Together’ Implementation Report (June 2022)

## Policies

Senate approved a new First-Year Grading Policy, presented by the Senate Committee on Curriculum Admissions and Studies Policy.

Drawing from the compassionate grading practices adopted as a result of the pandemic, the new grading policy applies to all students entering their first year of studies at Carleton with no previous postsecondary enrolment, for the first two terms of registration in a Carleton undergraduate program.

Under the new policy, any F or UNS grades earned in any course will be automatically converted to NR (No Record). Any passing grades earned in any course may be converted to CR (Credit), at the request of the student, to a maximum of 2.0 credits over the two terms.

This policy, as well as the full listing of policies overseen by Senate, can be found on Senate's website: <https://carleton.ca/senate/senate-policies/>

# Communications

## Inside Senate

Eight issues of [Inside Senate summaries](#) were distributed to the community through Carleton's Top5 newsletter and posted on the Senate website. These high-level summaries ensure that Senate's key decisions are accessible to the Carleton community shortly after each meeting.

## Senate and Committee Surveys

In the spirit of transparency and continual improvement to incorporate best practices in university governance, the Senate Survey was circulated from April 6 to April 30, 2022, gathering feedback and commentary on members' experiences. The survey consisted of several questions regarding Senate meetings, documentation, orientation, communication efforts, and service on standing committees.

The collated responses and summary will be presented to Senate in Fall 2022, without attribution, for information and serves as a key opportunity to assess the strengths and weaknesses of current practices.

The second annual Senate Committee Survey was circulated to all committee members from May 11 to June 1, 2022, and received responses from constituents in all 10 committees. Data from this survey will be shared with committee Chairs and Secretaries to assess current practices and identify opportunities for improvement.

# **AGENDA ITEM**

**6.3**

DATE: October 4, 2022  
TO: Board of Governors  
FROM: Benoit-Antoine Bacon  
COPIES: Amanda Goth  
RE: President's Goals 2022-2023

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### **Building Momentum**

This will be the final year of my first mandate as President and Vice-Chancellor. We are coming out of a worldwide pandemic and we are in full implementation of the Strategic Integrated Plan and associated strategies. This is a year to further build momentum and capitalize on opportunities that the disruption of the pandemic has brought. In light of these challenges and opportunities, we are therefore committing to ten (10) ambitious goals:

- 1) Accelerate the implementation of the Strategic Integrated Plan (year 3) and associated operational strategies across the University
- 2) Full return to campus in a “new normal” while remaining alert to further disruptions due to the pandemic and reacting accordingly
- 3) Enrolment is life – a strong recruitment year bolstered by a first ever full-year Carleton brand campaign
- 4) Student success – increase retention/progression rate and graduation rate by 1% annually. This long-term (this is year 5) goal has been progressing as planned
- 5) Research – aim for a 3-year annual rolling average of \$85M (up from \$75M and then \$80M)
- 6) Fundraising – aim for a 3-year annual rolling average of \$40M (up from \$25M and then \$35M)
- 7) Campus Infrastructure – renew the Campus Master Plan and launch the next phase of campus development (Residence, Wellness Hub, etc.)
- 8) Re-engaging Internationally – seize opportunities for new connections and increased impact as international travel resumes
- 9) Reputation, Reputation, Reputation – first ever full-year brand campaign to tell our story more strategically and more loudly
- 10) Ongoing professional and personal development

# **AGENDA ITEM**

**6.4**

# PRESIDENT'S REPORT TO THE BOARD OF GOVERNORS

October 4, 2022



## REPUTATION AND COMMUNITY HIGHLIGHTS



More than 6,700 graduates from the classes of 2020, 2021 and 2022 were honoured in June

### Super Convocation

At long last, from June 13 to 24, Carleton held in-person convocation ceremonies for the graduating classes of 2020, 2021 and 2022! It took no less than 40 ceremonies to celebrate thousands of great graduates with the help of their families and loved ones. “Convocation is always a highlight, but this year is particularly emotional and exciting,” said President Benoit-Antoine Bacon. “These graduates have demonstrated tremendous flexibility and grit, and what they have learned along the way, about life and about themselves, will help them overcome any further challenges.”



Carleton's 80th anniversary this fall is an opportunity to celebrate a smart, caring community

### Carleton Turns 80!

This year marks [Carleton University's 80th anniversary](#). Since a group of visionary citizens opened the doors to students building their careers after the Great Depression and WWII, Carleton has evolved into a dynamic research and teaching university with more than 31,000 students. Today the beautiful Carleton campus is the most sustainable in Ontario, the student experience is second to none, and a smart, caring community works together to create a better and greener future.



After careful planning, Carleton is ready for a full and safe return to campus this fall

### A Full Return to Campus This Fall

After careful planning, Carleton is ready for a [full and safe return to in-person learning](#). Classes, research and events will look much like they did prior to March 2020. Athletics facilities have fully reopened, varsity teams are in action and Dining Services locations are bustling. Masks are no longer mandatory but remain recommended, and general access to the tunnels has resumed following the installation of new exhaust fans and air handling units throughout the system.



Nine more members of the Carleton community have been named to the Order of Canada

### Nine Carleton Community Members Named to Order of Canada

Nine current and former Carleton faculty members as well as alumni and community leaders were named to the Order of Canada in June: School of Public Policy and Administration professor [Frances Abele](#); philanthropist Naomi Azrieli; former faculty member Alberto Pérez-Gómez; former Board of Governors chair Jacques Jean Meor Shore; alumnus and Hereditary Chief Stephen Joseph Augustine; alumni James Lloyd Cassels, Deborra Jane Hope and Robert Stewart Wyatt; and former student the Honourable Marion Buller.

# REPUTATION AND COMMUNITY HIGHLIGHTS



More than 800 faculty and staff attended Carleton's two community breakfasts in August

## Community Breakfasts Return

For the first time since 2019, the new academic year at Carleton began with a pair of community breakfasts, hosted by President Bacon in the University Centre food court on August 23 and 24. More than 800 faculty and staff attended the events, where Bacon praised the Carleton community's efforts to help the university adapt and succeed throughout the pandemic. Nearly 400 breakfast sandwiches were served each morning, as well as 64 litres of fruit salad.



Carleton has been recognized as a top performer in the 2022 Sustainable Campus Index

## Carleton a Top Performer in 2022 Sustainable Campus Index

Carleton has been recognized as a top performer in the [2022 Sustainable Campus Index](#), earning a top-10 ranking in Water and Wellbeing & Work. The recognition follows Carleton's Gold AASHE STARS assessment, achieved earlier this year. Produced by the Association for the Advancement of Sustainability in Higher Education (AASHE), the Sustainable Campus Index recognizes colleges and universities overall and in 17 impact areas, as measured by the Sustainability Tracking, Assessment and Rating System (STARS).



Carleton's national CHALLENGE campaign returns for phase two with new stories and ads

## Marketing Campaigns Update

After a successful debut from February through June, Carleton's national multichannel [CHALLENGE campaign](#) returns for phase two, targeting an audience of influencers with a new series of online stories and ads. The Department of University Communications (DUC) will be collaborating with communications colleagues across campus to identify compelling stories. DUC is also supporting a new [Undergraduate Recruitment marketing campaign](#) that launched in September with a range of integrated digital and social media targeting tools.



Campus Safety Services officers Michael Warner, Brian Billings and Marcel Benoit

## Campus Safety Officers Honoured with Governor General's Exemplary Service Medal

Three Campus Safety Services officers have been honoured for their dedication to public safety. Interim Ottawa Police Chief Steve Bell and Lorraine Dyke, vice-president (Finance and Administration), presented Michael Warner (40 years of service), Marcel Benoit (36 years of service) and Brian Billings (28 years of service) with exemplary service medals on August 31. Overseen by the Governor General's office, the [program](#) recognizes those who preserve Canada's public safety through long and outstanding service.

# RESEARCH

## Frances Abele Appointed to Order of Canada

[Frances Abele](#), Chancellor's Professor at the School of Public Policy and Administration, was named a [Member of the Order of Canada](#) "for her contributions to public policy and administration as one of Canada's pre-eminent scholars of northern policy and Indigenous political development." Abele is a supervisor of Indigenous Policy and Administration and founder of the Graduate Diploma in Indigenous Policy and Administration. She has worked with Indigenous Peoples across Canada and the circumpolar Arctic.



SPPA researcher Frances Abele has been appointed to the Order of Canada

## New CRC to Study Pollution from Manufacturing Sector

Jevan Cherniwchan is Carleton's [new Canada Research Chair \(CRC\) in Economics of Sustainability and Globalization](#). His research focus is to decipher the reasons why pollution from the manufacturing sectors of advanced economies has fallen dramatically in recent decades. Cherniwchan says there are a number of hypotheses that could explain this phenomenon, such as international trade shifting dirty production to developing countries, new technologies, changes in consumers' buying preferences or changes in environmental regulations.



New Canada Research Chair Jevan Cherniwchan focuses on manufacturing sector pollution

## Carleton Receives Significant Investment for High-Risk, High-Reward Research

Physics researcher [Rowan Thomson](#) and [Boris Vukovic](#) from the Department of Industrial Design and READ initiative have [each received \\$250,000](#) from the highly competitive New Frontiers in Research Fund program, which supports research that pushes boundaries. Thomson's team will develop a system for evaluating radiation energy deposited in cells and the associated cascade of biological events. Vukovic's team is implementing AI to augment disability-related assessment of functional limitations and recommendations in higher education.



Physics researcher Rowan Thomson and READ initiative director Boris Vukovic

## Sustainable Buildings that Prioritize Occupant Comfort

Researcher [Liam O'Brien](#) in the Department of Civil and Environmental Engineering is researching [sustainable building design](#) with a focus on how people use buildings while prioritizing occupant comfort. Given that energy use in residential and commercial buildings accounts for 22 per cent of greenhouse gas emissions in Canada and nearly two-thirds is used for heating, O'Brien closely collaborates with researchers from numerous fields to focus on energy conservation while ensuring a level of well-being.



Civil and Environmental Engineering researcher Liam O'Brien focuses on sustainable buildings

## Sharing Knowledge and Shaping the Future of Wireless Communications

A [symposium highlighting 5G wireless communications](#) research being conducted by Carleton and Ericsson Canada brought together hundreds of researchers from around the globe. The first annual TechTalks Ericsson-Carleton Symposium showcased the collaboration born from the [Ericsson-Carleton University Partnership](#). Held virtually in March 2022 over three days, it saw more than 30 presenters covering more than 20 topics such as machine learning, artificial intelligence and adaptive/autonomous systems control.



Ericsson Ottawa digital manager Aroosh Elahi and Carleton's Ericsson Chair Ioannis Lambadaris.

# RESEARCH



Greek and Roman Studies researcher Laura Banducci has received an Early Researcher Award

## Three Early-Career Researchers Recognized by Province

[Three Carleton researchers](#) have each received a \$140,000 Early Researcher Award (ERA) from the Province of Ontario for their ongoing research projects in areas including self-monitoring intelligent batteries, Roman artefact research and diabetes pathogenesis. This year's recipients are [Hicham Chaoui](#) in the Department of Electronics; [Jenny Bruin](#), who is cross-appointed to the Department of Biology and the Institute of Biochemistry; and Greek and Roman Studies researcher [Laura Banducci](#).



Researchers Sheryl-Ann Simpson and Marina Milyavskaya have received SSHRC Insight Grants

## Carleton Receives Notable Research Funding from NSERC and SSHRC

Carleton has received [notable funding](#) from the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC). NSERC invested \$7.9 million in 70 researchers to help advance cutting-edge research projects in areas such as climate change and sustainability, ground-breaking technology, health and wellness, and inclusiveness. SSHRC's investment of \$3.7 million in 23 researchers will advance discoveries in areas such as health and wellness, the new economy and social innovation.



Communications researcher Dwayne Winseck hosted a major media concentration conference

## Examining the Risks of Media Concentration

Carleton's [Global Media & Internet Concentration Project](#) held its [inaugural conference](#) at Ottawa's [Carleton Dominion-Chalmers Centre](#) on August 18 and 19. The \$2.5-million project, led by [communication](#) researcher [Dwayne Winseck](#), is exploring whether media industries have become more or less concentrated over time. Amid high-profile events like this past summer's Rogers outage, the project aims to provide regulators and policymakers with accurate, meaningful and timely information in order to better safeguard citizens.



Biology researcher Jenny Bruin is exploring links between contaminants and diabetes

## New Research Suggests Link Between Contaminants and Diabetes

Nearly one in three Canadians are living with diabetes or prediabetes and the numbers are rising. Genetic risk factors play a role but don't account for this alarming trend, according to Carleton biology researcher [Jenny Bruin](#), who believes that exposure to environmental contaminants is an important culprit. Bruin is [part of a major project](#) that's developing insulin-secreting beta cells in a lab that can be transplanted into the body to treat type 1 diabetes.



Canada Research Chair John Anderson wants to optimize the cognitive performance of older adults

## Improving Cognitive Abilities in Older Adults

As we get older, our cognitive abilities decline, impacting our capacity to remain independent. Carleton's Canada Research Chair [John Anderson](#) wants to [optimize the cognitive performance of older adults](#) by combining two strands of inquiry — the interaction between long-term lifestyle factors such as bilingualism, and temporary, contextual factors such as caffeine and mood — that are typically studied separately. This will allow him to develop a holistic picture of brain health and suggest behavioural modifications.

# ACADEMICS

## Accolades for Sprott and the Nicol Building

The Sprott School of Business achieved the highest ranking among Canadian business schools in the [PRME Positive Impact Rating \(PIR\)](#). The PIR is conducted by students for students, assessing how their business schools address societal and sustainable challenges and prepare students to be responsible leaders. Sprott achieved Level 4: Transforming School, the second highest level in the PIR. PRME is an initiative of the United Nations that advances sustainable development goals through responsible management education.

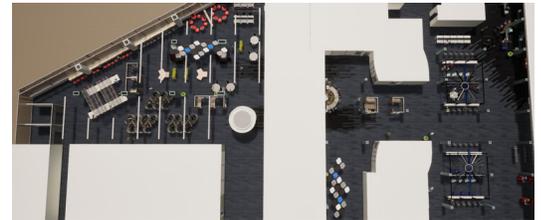
The Nicol Building won the top prize in the Architizer A+Awards for the category of Institutional: Higher Education and Research Facilities.



The Nicol Building and Sprott School of Business have both received recent accolades

## Carleton Invests in \$2 Million Future Learning Lab

Carleton is creating a new space to bring educators and students together to share, research and design thanks to \$1 million from Ontario's Training Equipment and Renewal Fund and a matching contribution from the university. The investment will support the transformation of the fourth floor of the MacOdrum Library, including the Discovery Centre, into the [Future Learning Lab](#) — a physical space and set of programs designed to foster innovation and incentivize student-centred ways of teaching.

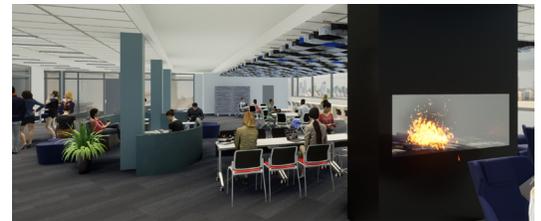


The fourth floor of the MacOdrum Library is being transformed into the Future Learning Lab

## Partnerships with Purpose

In April, EY Canada and Sprott announced their [collaboration to foster talent and leadership development](#) for students in the Sprott Student Consulting Group. EY professionals will provide mentorship and coaching to Sprott student consultants, who will benefit from their professional insights and the opportunity to test thinking and solutions. The partners also established the \$5,000 EY Leadership Award. Awarded three times per year, it recognizes outstanding students in the Sprott Student Consulting Group.

In July, not-for-profit organization Virtual Ventures (run under the Faculty of Engineering and Design) and its network partner Actua delivered the Mashkikiikaagen Indigenous Youth in STEM (InSTEM) Land Summit, which brought together Indigenous high-school youth and educators for a culturally relevant, for-credit learning experience that aligned Indigenous knowledge and STEM.



The Future Learning Lab is designed to foster innovation and student-centred ways of teaching

## Appointments

Carleton has appointed [four new leaders in Equity and Inclusive Communities](#) to further enhance its collective capacity to lead in human rights, EDI and Black inclusion and Black flourishing. Noël Badiou has been appointed Assistant Vice-President, Equity and Inclusive Communities; Ikram Jama has been appointed as Carleton's inaugural Director, Human Rights and Equity; and Prof. Nduka Otiono (African Studies) and Prof. Audra A. Diptée (History) have been appointed Faculty Advisors on Anti-Black Racism and Black Inclusion.

Profs. Peter Felten and Susan Hrach will bring their expertise to the Carleton community this academic year as the newly appointed [Fulbright Canada Distinguished Chairs in the Scholarship of Teaching and Learning \(SoTL\)](#).



AVP, Equity and Inclusive Communities Noël Badiou and Anti-Black Racism advisor Audra A. Diptée

# ACADEMICS



Engineering researcher Andy Adler earned a technical achievement award from the IEEE this year



Biology researcher Steven Cooke received the Le Cren Medal by the Fisheries Society of the British Isles



Communication researcher Irena Knezevic is the 2022 Carleton University Chair in Teaching Innovation



History's Jacob Kovalio was awarded Japan's Order of the Rising Sun, Gold Rays with Rosette medal

## Recognizing Academic Staff

- Andy Adler (Systems and Computer Engineering) received the 2022 IEEE Engineering in Medicine and Biology Society's Technical Achievement Award.
- Francois Brouard (Sprott) received the [L.S. Rosen Outstanding Educator Award](#) from the Canadian Academic Accounting Association.
- Sprott Dean Dana Brown has been appointed as [Board Chair of Lucky Iron Fish Enterprise](#).
- Steven Cooke (Institute for Environmental and Interdisciplinary Sciences, Biology) was awarded the [Le Cren Medal by the Fisheries Society of the British Isles](#).
- Irena Knezevic (School of Journalism and Communication) has been named the [2022 Carleton University Chair in Teaching Innovation](#) for her dedication to experimenting with different teaching methods to ensure an accessible and engaging learning environment for her students.
- Jacob Kovalio (History) was awarded the [Order of the Rising Sun, Gold Rays with Rosette medal](#) by the Government of Japan.
- Ozayr Saloojee (Azrieli School of Architecture and Urbanism) was named a [finalist in the 2022 Ken Roberts Memorial Delineation Competition](#), held by the American Institute of Architects Dallas.
- Edward G. Sherwood (Civil and Environmental Engineering) received the [Jim Simpson Award](#) from the Carleton Student Engineering Society.

The Faculty of Arts and Social Sciences [celebrated extraordinary faculty achievement](#) at its annual vin d'honneur:

- Leila Angod (Childhood and Youth Studies), Angel Arias (Applied Linguistics), Manjeet Birk (Feminist Institute of Social Transformation), Chambi Chachage (Institute of African Studies), Beatriz Juárez-Rodríguez (Anthropology) and Rachelle Vessey (Applied Linguistics) received FASS Early Career Research Awards.
- Shawna Dolansky (Religion) and John C. Walsh (History) received Excellence in Teaching Awards.
- Marc Saurette (History) was awarded a Teaching Development Award.
- Laura Madokoro (History), Xuan Thuy Nguyen (Childhood and Youth Studies, Feminist Institute of Social Transformation), Megan Rivers-Moore (Feminist Institute of Social Transformation) and Mohammed Rustom (Religion) received Research Excellence Awards.
- Erik Anonby (French, Linguistics) received the annual Marston LaFrance Research Fellowship.

## Recognizing Students

In May, the Office of the Provost and Vice-President (Academic) presented Provost Scholar Awards to David Clarabut, Ellena Damini, Natalia Fomenko, Candice Harris, Hassan Khan, Gabrielle Kolotinsky, Nikita Koziel Ly, Pascale Malenfant, Najla Mohamed and Justin Shimizu. The Peter J. Ricketts Outstanding [Provost Scholar Award](#) was presented to Gabrielle Kolotinsky.

In June, [Carleton awarded six students funding](#) to support summer research projects related to equity, diversity and inclusion (EDI): Lindsey Alcy, Felicity Hauwert, Maryam Sahar, Carolyn Simon, Priya Van Oosterhout and Samantha Wong.

# ADVANCEMENT

## Revenue (May 1, 2022 to September 9, 2022)

Philanthropic	\$2,206,271
Gifts in Kind	\$64,352
Sponsorships	\$611,771
Research & Holistic Integrated Partnerships	\$2,834,972
<b>Total</b>	<b>\$5,717,366</b>

As the 2022-23 academic year begins, University Advancement is excited for a return to campus and in-person engagement. The department also maintains its long-term focus on Carleton's coming transformational campaign; staff are strategically creating a pre-campaign pathway based on research, prospect identification and engagement, creating innovative solutions for non-traditional philanthropy and diversifying our revenue streams.

## Fundraising and Partnership Success

Donors and partners continue to support and inspire the Carleton community. Recent gifts are creating opportunities for students across campus, enhancing entrepreneurship and innovation, focused student aid programs and experiential learning. Foundations and individual donors have invested in capital improvements and related programming at the Carleton Dominion-Chalmers Centre. A new endowment fund will offer more sustainable revenue options for the Ravens football program. And corporate partners are helping advance research in critical areas, including a renewed partnership to support biosciences and oncology research.

## In-Person Engagement

After two years of primarily virtual engagement, Advancement is welcoming alumni, donors and community partners back to campus for in-person engagement opportunities. Over the summer, athletics alumni and partners met students and coaches at various golf tournaments and other events. The 10th annual Throwback offered Ravens fans, volunteers and graduates celebrating milestone anniversaries a chance to return to Carleton and reconnect. And the opening of the Nicol Building brought supporters and alumni of the Sprott School of Business together to celebrate and tour its new home. Meanwhile, fundraisers have renewed travel with deans and faculty partners for in-person engagement with donors and grads.

## Purpose

In alignment with its ongoing vision to invite donors to give not just to Carleton but through Carleton — investing in higher education as a means to address societal challenges — Advancement is currently testing a new “purpose-based” framework for outreach, communication and donor engagement. The framework builds alignment between key community causes — health, economy, sustainability and the social fabric — and Carleton initiatives that address these issues. The framework also supports Advancement's emphasis on champions — internal colleagues and external volunteers — as advocates for purpose and impact. Advancement staff will test and iterate this framework through internal and donor conversations throughout the fall and spring 2023.

## Campaign Preparation

Advancement has begun consultations with deans and faculty members to identify potential fundraising priorities for the coming fundraising campaign. Using a proven and proprietary strategy developed by philanthropy advisor Jim Langley, the team is drafting “whitepapers” that outline major campus initiatives and their potential community impact; the papers will eventually be used to identify and elicit feedback from prospective donors (as a first step toward transformational giving).



Donors have supported capital improvements and programs at the Carleton Dominion-Chalmers Centre



A new endowment fund is creating additional revenue options for the Ravens football program



The opening of the Nicol Building brought together Sprott supporters and alumni to celebrate its new home



Corporate partners are helping advance Carleton research in critical areas such as bioscience

# STUDENT LIFE



A series of orientation events welcomed students back to campus in-person in September



Carleton's Ask Me campaign is designed to help all students feel part of a caring community



Kristie Tousignant is the new and inaugural Associate Vice-President (Student Health and Wellness)



The International Student Services Office provides robust pre-arrival support to international students

Carleton offered a series of **events to welcome students back to in-person studies** and prepare them for an on-campus experience. New undergraduates could participate in [Fall Orientation](#) to connect to their peers, campus resources and the Ottawa community. Upper-year students could participate in [Upper Year Orientation](#), which provided access to events that foster connection with fellow upper-year students. Carleton is also welcoming back nearly 3,600 students to live in residence in 2022-2023.

In addition to orientation programs, the **Return of the Ravens program** featured five weeks of programming beginning on September 7 to help ensure a successful return to an in-person, on-campus university experience. Students had the chance to participate in free programming with a focus on building their network, making connections and gaining the necessary skills that will help them succeed as they return to campus.

The **Ask Me campaign is back** to help welcome students back to campus this fall. The annual campaign is designed to heighten the sense of community at Carleton and, through the support of as many faculty and staff as possible, help contribute to making all students feel part of a caring community.

Carleton updated and **mailed printed copies of student support resources to faculty and staff** across the Carleton community to assist in supporting students through their time at Carleton. Documents in the support folder include a Student Resource Guide, Responding to Disclosures of Sexual Violence, Supporting Students in Distress and more. All resources can be viewed and requested online through the [Student Support website](#).

The International Student Services Office (ISSO) provides robust pre-arrival **support to international students preparing for the fall term**. In addition to offering multiple virtual Q&A sessions each week spotlighting questions on travel, immigration and settlement in Canada, the ISSO also provided I-Start: International Student Orientation. During summer 2022, over 350 students registered in the asynchronous I-Start course, while an additional six synchronous sessions saw participation of up to 60 students per session.

Following a review of student mental health and wellness services, Carleton established a **new student health and wellness portfolio** to better streamline and consolidate health, mental health and wellness services and programs for students. This portfolio is being led by new and inaugural Associate Vice-President (Student Health and Wellness), Kristie Tousignant.

**Wellness Services has expanded to a total of 17 Counsellors**, including a permanent intake counsellor, crisis counsellor and a trans/2SLGBQ+ counsellor. Two additional term counselling positions, a racialized counsellor in residence and a general counsellor in the main clinic, are being added in anticipation of a busy year ahead. In addition, a **new Mental Health and Wellness website** has been launched to help students discover the tools and resources Carleton offers.

Scheduling and Examination Services has partnered with the Paul Menton Centre for Students with Disabilities to **enhance the exam accommodations process**, with the goal of ensuring that students with disabilities have equal opportunities to access and participate in their courses. The new Ventus portal is a one-stop solution linking students with disabilities, their course instructors and the McIntyre Exam Centre under a single academic accommodation management system.

**Carleton Athletics had a record number of 6,798 summer campers** in July and August, as well as a record number of 70 lifeguard certification candidates, which should help the shortage of lifeguards in the city.

Carleton Athletics launched a **new adaptive sport multi-sport camp for children with disabilities**. A \$10,000 grant from JumpStart helped fund the camp, which included sports like wheelchair basketball, pickle ball, boccia ball, wheelchair tennis, wheelchair badminton and T-ball.

# ENROLMENT AND RECRUITMENT UPDATE

## UNDERGRADUATE ENROLMENT UPDATE

### Applicant/Targets – Fall 2022

#### Ontario University Application Centre Systems Data: First Year Undergraduate

	2021	2022	% +/- (2021/2022)
Applicants	163,753	164,966	+0.7%
Confirmations	107,449	109,369	+1.8%

#### Carleton University: First Year Undergraduate

	2021 (matched by date)	2022 (matched by date)	% +/- (2021/2022)
Applicants	23,548	24,016	+2.0%
Confirmations	6,224	6,140	-1.3%

*OUAC data as at September 8, 2022; Carleton data as at September 9, 2022 (with matched dates in 2021)*

## Undergraduate Recruitment Update

The spring and summer focused on conversion for the entry class of 2022, and in preparing the next recruitment cycle for the class of entry class of 2023.

The Undergraduate Recruitment Office hosted a full in-person Spring Open House event on May 14, with 669 guests in attendance. During Spring Open House, applicants and their families were able to tour Carleton's exceptional campus, labs and facilities; chat with student services staff; attend an in-person presentation from each faculty (also broadcast online via Zoom) and be inspired by current Carleton students.

From May to June, prior to the end of the school year, representatives from the Undergraduate Recruitment Office delivered 30 career class presentations both in-person and online to local Grade 10 students. An additional 10 presentations were delivered during the high school summer school session in July 2022.

Throughout summer 2022, International Admissions and Recruitment participated in 24 virtual events as well as 13 in-person visits and events internationally. For the first time since 2019, the team hosted its inbound Summer Counsellor Tour, welcoming 11 guidance counsellors from international schools across nine countries on campus for a two-day program.

Materials including the viewbook and new website were finalized for the new recruitment cycle, which for the first time will be supported by a full brand campaign.

