Carleton UNIVERSITY
Canada's Capital University

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

The 612th Meeting of the Board of Governors

Tuesday, September 25th, 2018 at 3:00 p.m.
Room 2440R River Building, Carleton University

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 – PRESENTATION ON INVEST OTTAWA & COLLABORATION**
   Michael Tremblay, President and CEO of Invest Ottawa

6. **ITEM(S) FOR APPROVAL**

   6.1 Audited Financial Statements for year ended April 30/18 and Audit Finding Report (B. Wener)

   - Materials were circulated in advance.

7. OPEN – ITEM(S) FOR INFORMATION

7.1 Report from the Chair (N. Nanos)

- A verbal report will be given.

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

- Written report was circulated in advance.

7.3 President's Goals and Objectives for 2018/19 (B.A. Bacon)

- Materials was circulated in advance.

7.4 Update on Comprehensive Campaign (J. Nordenstrom & J. Conley)

- Materials was circulated in advance.

7.5 Committee Chair Updates

a) Building Program (D. Craig)
b) Community Relations & Advancement (J. Nordenstrom)
c) Finance Committee (B. Wener)
d) Governance Committee (K. Evans)

8 OPEN - OTHER BUSINESS

9. OPEN - QUESTION PERIOD

- There are no questions to be addressed.

10. END OF OPEN SESSION AND BRIEF NETWORKING BREAK

- Guests and observers are asked to step out of the meeting.

The 612th Meeting of the Board of Governors
Tuesday, September 25th, 2018 at 3:00 p.m.
Room 2440R River Building, Carleton University

11. APPROVAL OF CLOSED AGENDA

- The agenda was circulated with the meeting material.

12. CLOSED - CONSENT AGENDA

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

13. CLOSED – ITEM(S) FOR APPROVAL

13.1 Senate Representative on the Board of Governors

- A working paper was circulated in advance.

14. CLOSED – ITEM(S) FOR INFORMATION

14.1 Report from the Chair

- A verbal report will be given.

14.2 Report from the President

- A verbal report will be given.

14.3 Committee Chair Updates

a) Audit Committee (B. Wener)
b) Nominating Committee (N. Nanos)
c) Executive Committee (N. Nanos)
d) HR/Compensation Subcommittee (D. Fortin)

15. CLOSED - OTHER BUSINESS

16. CLOSED - IN CAMERA SESSION

17. ADJOURNMENT

AGENDA ITEM 6.1

Carleton UNIVERSITY
Canada's Capital University

BOARD OF GOVERNORS REPORT

To:	Board of Governors	**Date of Report:** 8/24/2018
From:	Vice-President (Finance and Administration)	**Date of Meeting:** 9/25/2018
Subject:	Annual Financial Statements and Auditor Audit Findings Report for Fiscal Year 2017/18	
Responsible Portfolio:	Finance and Administration	

1.0 PURPOSE

☒ For Approval ☐ For Information ☐ For Discussion

2.0 MOTION

That the Audit Committee, after review, discuss, and recommend to the Board of Governors approval of Carleton's 2017/18 Consolidated Financial Statements and the Auditor Findings Report.

3.0 EXECUTIVE SUMMARY

The draft Consolidated Financial Statements and Auditor 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 2017-18 Consolidated Financial Statements. The external Auditor 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 financial position of Carleton University as at April 30, 2018, 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 Auditor Findings reported that a research expense of $943,476 was not accrued for at year-end. Carleton University is part of an inter-institutional agreement with the University of Ottawa and CFI/MRI, where Carleton receives the funding and pays uOttawa for expenses incurred. Carleton received the expense report from uOttawa once the financial statements were completed, and management elected to leave the entry as uncorrected as it was not deemed material.

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 Training, 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.

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

	LOW	MINOR	MODERATE	SERIOUS	VERY SERIOUS
STRATEGIC	☒	☐	☐	☐	☐
LEGAL	☒	☐	☐	☐	☐
OPERATIONAL	☒	☐	☐	☐	☐
TECHNOLOGICAL	☒	☐	☐	☐	☐
FINANCIAL	☒	☐	☐	☐	☐
REPUTATIONAL	☒	☐	☐	☐	☐

Carleton UNIVERSITY

Canada's Capital University

Presentation to the Board of Governors FY2018 Audited Financial Statements

September 25, 2018

2017-2018 Audited Financial Statements

Reconciliation of Audited Financial Statement and Internal Financial Report

	2018	2017
Total Revenue*	$ 655,819	$ 629,503
Total Expense*	$ 566,462	$ 528,590
Operating Results per Audited Statements	$ 89,357	$ 100,913
Adjustments for:		
Operating Appropriations (increase)/decrease	$ 16,571	$ (78,081)
Capital Assets	$ (61,555)	$ (12,432)
Employee Future Benefits	$ (3,912)	$ (5,747)
Internal Endowment contributions	$ (20,362)	$ (2,939)
Internally Restricted fund increase	$ (13,168)	$ (1,492)
Ancillary (surplus)/deficit	$ (7,749)	$ (4,824)
Plant (surplus)/deficit	$ 818	$ 4,602
Operating Results per Financial Report	$ -	$ -

* Total revenue and expense includes amounts from all operations (Operating, Ancillary Research, Capital), plus different recognition standards as defined by CPA Canada.

Highlights of Changes (Year-over-Year)

- Excess of Revenue over Expenses of $89.4M compared to $101.0M in previous year (exclude changes to Internally Restricted funds relating to future commitments, and Capital Asset additions)
- Decrease of $29.2M in unrestricted net asset deficit (from $135.1M to $105.8M) due almost entirely to re-measurements in unfunded employee future benefits
- Increase of $69.9M in cash and marketable securities related to increases in accounts payable and deferred revenue ($41.3M) and internally restricted funds ($4.4M)
- Investments balance up by $5.1M, to $269.8M, due to Endowment fund changes

ASSETS AND LIABILITIES

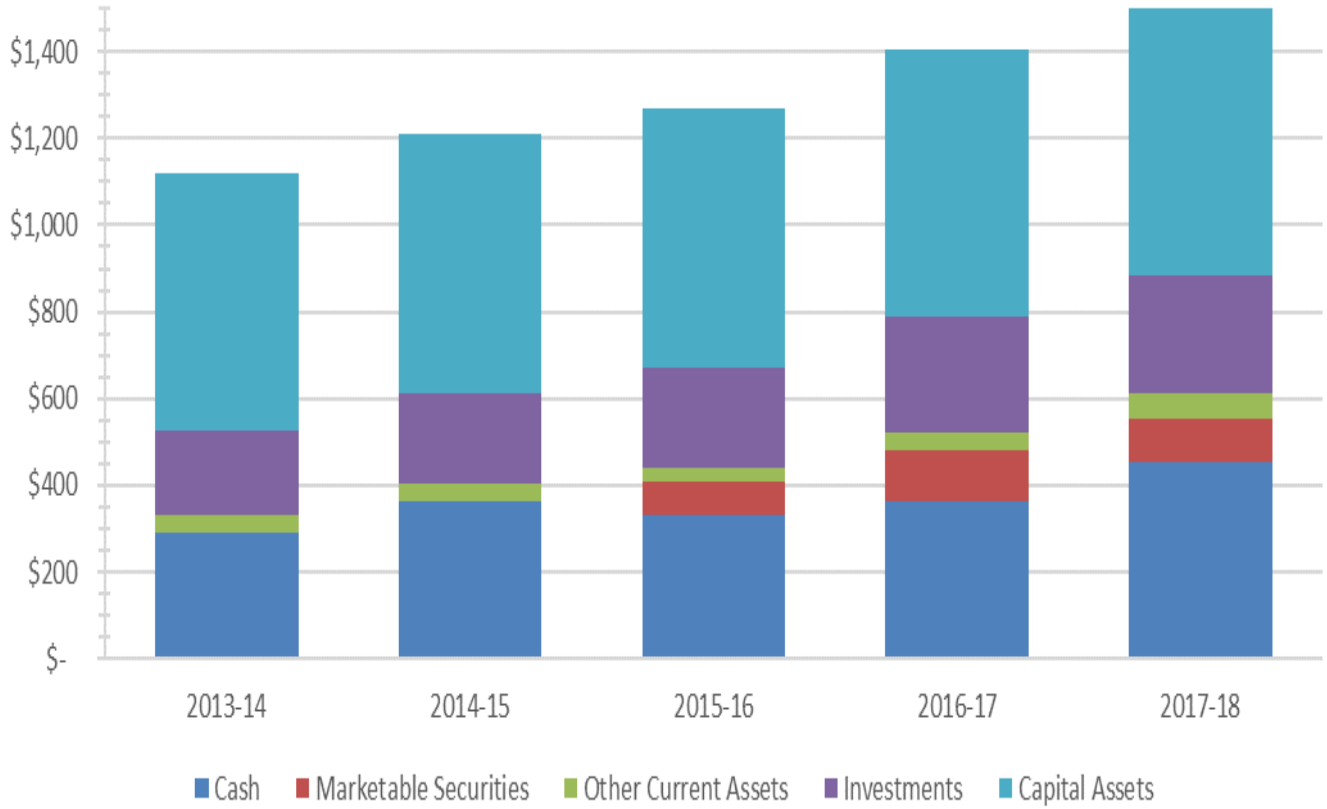
5 YEAR TREND

Assets by Type ($Million)

Highlights

Cash & Marketable Securities have increased by $69.9M

Investments, mostly related to Endowments have increased by $5.1M

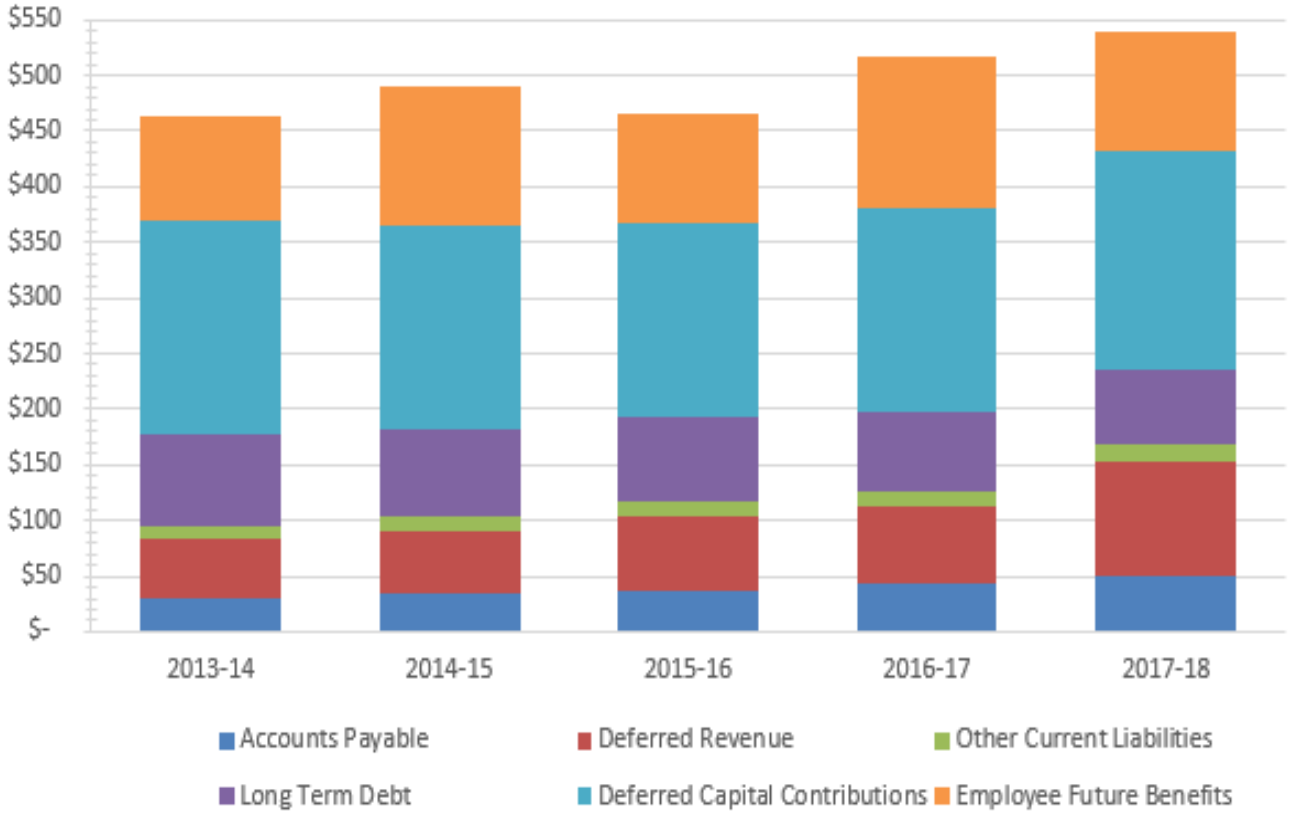


Liabilities by Type ($Million)

Highlights

Decrease in Employee Future Benefits liability by $30M

Increase in Deferred Revenue of $33.9M, related to capital and research grants, and restricted donations

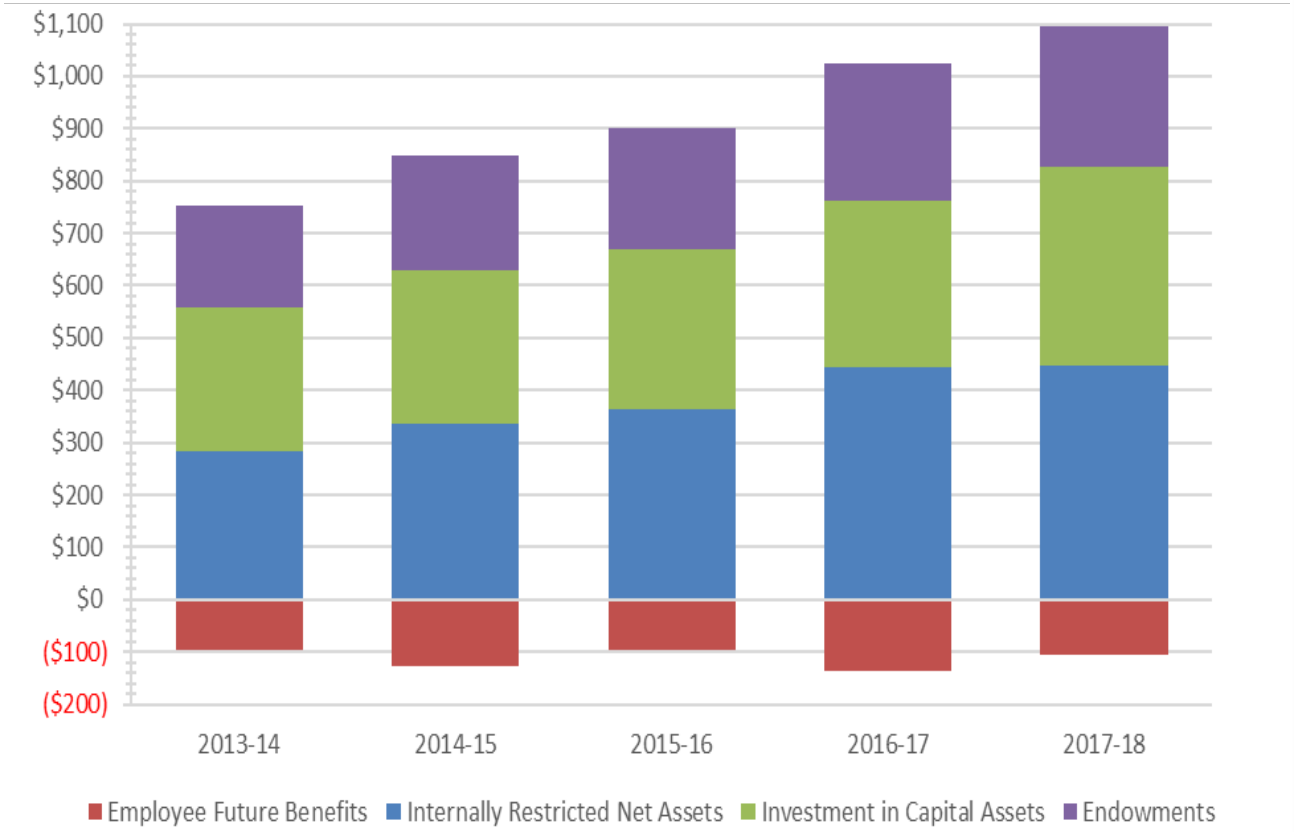


Net Assets by Type ($Million)

Highlights

Growth in Investment in Capital Assets funded in large part by draws on Internally Restricted Net Assets for capital.

Special appropriations for Pension Reserve and Investment Income Equalization fund were made during the (see next chart).



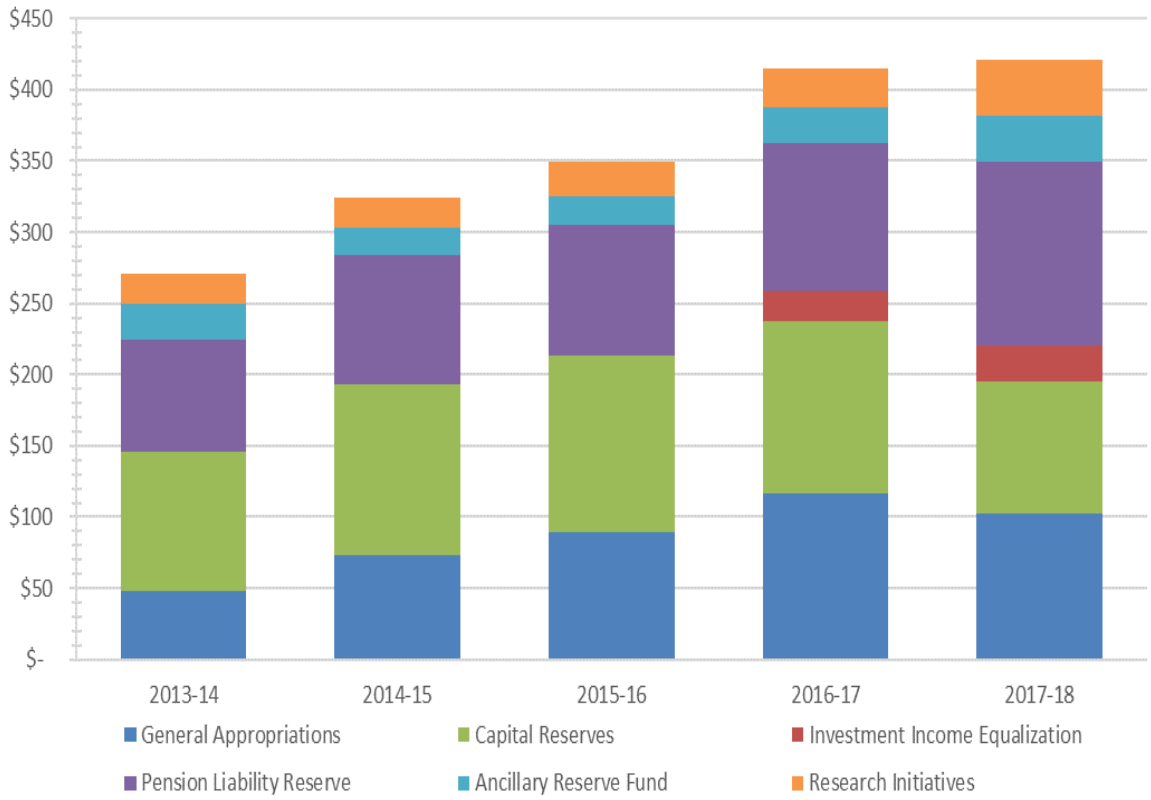
Internally Restricted Net Assets ($Million)

Highlights

Capital Reserve ($92M) covers future commitments on following projects:

- Health Science Building
  - $8.2M
- Sprott Business Building
  - $45.6M
- Strategic Infrastructure Projects (SIF)
  - $5.9M
- Co-generation Plant
  - $4.8M
- ARISE fit-up
  - $8.5M

Pension reserve stands at $129M, to mitigate against risks associated with current $224M solvency deficit



Consolidated Financial Statements of

CARLETON UNIVERSITY

Year ended April 30, 2018

CARLETON UNIVERSITY

Consolidated Financial Statements

Year ended April 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Carleton University

We have audited the accompanying consolidated financial statements of Carleton University, which comprise the consolidated statement of financial position as at April 30, 2018, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Carleton University as at April 30, 2018, 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

(date)

CARLETON UNIVERSITY

Consolidated Statement of Financial Position

April 30, 2018, with comparative information for 2017
(in thousands of dollars)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 452,824	$ 361,146
Marketable securities	99,715	121,779
Accounts receivable (note 3)	32,969	27,252
Prepaid expenses	19,826	4,302
Current portion of net investment in lease (note 5)	768	719
	606,102	515,198
Investments (note 4)	269,751	264,643
Net investment in lease (note 5)	8,372	9,140
Tangible capital and intangible assets (notes 6)	644,850	616,131
	$ 1,529,075	$ 1,405,112
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 50,790	$ 43,396
Deferred revenue (note 8)	102,533	68,663
Accrued leave	11,939	11,638
Current portion of long-term debt (note 9)	3,798	3,584
	169,060	127,281
Long-term debt (note 9)	67,352	71,150
Deferred capital contributions (note 10)	196,056	182,915
Employee future benefits liability (note 11)	106,539	136,585
Net assets:		
Unrestricted	(105,847)	(135,057)
Internally restricted (note 12)	447,592	443,228
Investment in tangible capital and intangible assets (note 13)	378,937	317,266
Endowments (note 14)	269,386	261,744
	990,068	887,181
Contingent liabilities and commitments (notes 15 and 16)		
	$ 1,529,075	$ 1,405,112

See accompanying notes to consolidated financial statements.

CARLETON UNIVERSITY

Consolidated Statement of Operations

April 30, 2018, with comparative information for 2017
(in thousands of dollars)

	2018	2017
Revenue:		
Government grants for general operations	$ 179,123	$ 173,344
Fees	329,362	306,355
Research grants and contracts	58,417	51,000
Sales and services	23,278	23,303
Donations	12,924	8,136
Investment income	20,131	33,529
Amortization of deferred capital contributions (note 10)	12,379	12,502
Other revenue (note 17)	20,205	21,334
	655,819	629,503
Expenses:		
Salaries	293,677	279,351
Benefits	32,461	31,112
Employee future benefits (note 11(b))	26,405	21,437
Supplies	11,431	10,540
Minor equipment and furnishings	10,448	9,997
Externally contracted services and fees	22,745	21,447
Scholarships and bursaries	43,371	41,246
Utilities	10,539	13,619
Travel	11,747	10,624
Renovations	28,455	22,231
Interest	3,597	3,738
Amortization of tangible capital and intangible assets	32,576	31,321
Other expenses (note 18)	39,010	31,927
	566,462	528,590
Excess of revenue over expenses	$ 89,357	$ 100,913

See accompanying notes to consolidated financial statements.

CARLETON UNIVERSITY

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2018, with comparative information for 2017
(in thousands of dollars)

	Unrestricted	Internally restricted (note 12)	Investment in tangible capital and intangible assets (note 13)	Endow-ments (note 14)	2018	2017
Net assets, beginning of year	$ (135,057)	$ 443,228	$ 317,266	$ 261,744	$ 887,181	$ 804,390
Excess of revenue over expenses	89,357	–	–	–	89,357	100,913
Employee future benefit re-measurements and other items (note 12)	26,134	–	–	–	26,134	(45,779)
Internally imposed restrictions	(19,720)	4,364	–	15,356	–	–
Internally endowed amounts	(5,006)	–	–	5,006	–	–
Net change in investment in tangible capital and intangible assets (note 13)	(61,555)	–	61,671	–	116	–
Endowment contributions and investment income (note 14)	–	–	–	(2,833)	(2,833)	15,053
Unrealized (loss) gains on endowment investments (note 14)	–	–	–	(9,887)	(9,887)	12,604
Net assets, end of year	$(105,847)	$ 447,592	$ 378,937	$ 269,386	$ 990,068	$ 887,181

CARLETON UNIVERSITY

Consolidated Statement of Changes in Net Assets (continued)

Year ended April 30, 2018, with comparative information for 2017
(in thousands of dollars)

	Unrestricted	Internally restricted	Investment in tangible capital and intangible assets	Endow-ments	2018	2017
		(note 12)	(note 13)	(note 14)		
Details of year-end balance:						
Operating (note 13(a))	$ 498	$ –	$ –	$ –	$ 498	$ 498
Plant	(1,501)	–	–	–	(1,501)	(683)
Ancillary	1,695	–	–	–	1,695	1,713
Provision for employee future benefits	(106,539)	–	–	–	(106,539)	(136,585)
Appropriations - Operating	–	369,203	–	–	369,203	385,774
Appropriations – Ancillary	–	32,517	–	–	32,517	24,750
Research	–	39,371	–	–	39,371	26,605
Entrepreneurial initiatives	–	4,384	–	–	4,384	4,102
Professional development	–	2,105	–	–	2,105	1,973
Scholarships	–	12	–	–	12	24
Tangible capital and intangible assets	–	–	378,937	–	378,937	317,266
Endowment	–	–	–	269,386	269,386	261,744
	$ (105,847)	$ 447,592	$ 378,937	$ 269,386	$ 990,068	$ 887,181

See accompanying notes to consolidated financial statements.

CARLETON UNIVERSITY

Consolidated Statement of Cash Flows

Year ended April 30, 2018, with comparative information for 2017
(in thousands of dollars)

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 89,357	$ 100,913
Add (deduct) non-cash items:		
Amortization of tangible capital and intangible assets	32,576	31,321
Amortization of deferred capital contributions	(12,379)	(12,502)
Net change in other non-cash operating working capital (note 19)	20,324	6,314
Changes relating to employee future benefits:		
Employee future benefits re-measurements and other items	26,134	(45,779)
Employee future benefits liability	(30,046)	40,031
Net cash provided by operating activities	125,966	120,298
Financing activities:		
Decrease in mortgages payable (note 9(a))	(153)	(183)
Decrease in loans payable (note 9(a))	(3,431)	(3,205)
Capital contributions received (note 10)	25,520	20,047
Contributions to art collection	116	–
Endowment contributions and investment income	(2,833)	15,053
Net cash used in financing activities	19,219	31,712
Investing activities:		
Net purchases of investments	7,069	(73,342)
Decrease in net investment in lease	719	674
Tangible capital and intangible assets additions	(61,295)	(51,612)
Net cash used in investing activities	(53,507)	(124,280)
Increase in cash and cash equivalents	91,678	27,730
Cash and cash equivalents, beginning of year	361,146	333,416
Cash and cash equivalents, end of year	$ 452,824	$ 361,146
Consisting of:		
Cash on deposit	$ 146,704	$ 6,780
Outstanding cheques	(6,472)	(5,603)
Money market fund	71,682	133,953
Short-term bond and mortgage fund	240,910	226,016
	$ 452,824	$ 361,146
Interest paid	$ 3,597	$ 3,738

See accompanying notes to consolidated financial statements.

1. Description:

Carleton 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.

TRIUMF is a joint venture of the University and 10 other Canadian universities, which performs research in particle and nuclear physics. The University's proportionate share of TRIUMF's operations has been included in these consolidated financial statements.

Carleton University Foundation (U.S.) 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.

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 Carleton University Foundation (U.S.).

(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.

2. Summary of significant accounting policies (continued):

(c) Financial instruments (continued):

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

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(c).

(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 receipted 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 lives as follows:

Asset	Useful life
Tangible capital assets:	
Buildings	40 years
Building improvements	20 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.

2. Summary of significant accounting policies (continued):

(e) 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.

(f) 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 receipted by the University.

(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.

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.

2. Summary of significant accounting policies (continued):

(l) Cap and trade program:

The Ontario Cap and Trade Program, which came into effect on January 1, 2017 under the Climate Change Mitigation and Low-carbon Economy Act, 2016 sets out a framework for the reduction in greenhouse gas ("GHG") emissions for the province of Ontario. The University has elected to be a voluntary participant in the program. The first compliance period for the Cap and Trade program is January 1, 2017 to December 31, 2020. The University has received free GHG emission allowances in 2017 and 2018, which are reasonably expected to exceed the University's GHG emissions during each year. The University assessed the accounting implications of the emission allowances as at April 30, 2018 and determined that the impact to the financial statements was not significant. The provincial program was cancelled on July 3, 2018. The dismantling of the program is currently in progress however the federal implications of this decision have not yet been announced

3. Accounts receivable:

	2018	2017
Research	$ 8,178	$ 4,798
Student	11,251	11,594
Government	1,323	1,504
Other	13,555	10,635
	34,307	28,531
Less allowance for doubtful accounts	(1,338)	(1,279)
	$ 32,969	$ 27,252

4. Investments:

(a) Carrying value, cost and fair values:

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

	2018		2017	
	Fair value	Cost	Fair value	Cost
Marketable securities	$ 269,751	$ 246,612	$ 264,643	$ 231,420

The carrying value of marketable securities is fair value.

4. Investments (continued):

(b) Purpose:

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

	2018 Carrying value	2017 Carrying value
Endowments	$ 266,732	$ 261,631
Parker loans for students	1,207	1,242
National Wildlife Research Centre Capital renewal	799	792
Sprott Student Investment Fund	1,013	978
	$ 269,751	$ 264,643

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:

	2018	2017
Minimum lease payments receivable	$ 11,700	$ 13,000
Unearned financing revenue	(2,560)	(3,141)
	9,140	9,859
Less current portion of net investment in lease	(768)	(719)
Net investment in lease	$ 8,372	$ 9,140

At April 30, 2018, future minimum lease payments receivable under the direct financing lease are as follows:

2018-19	$ 1,300
2019-20	1,300
2020-21	1,300
2021-22	1,300
2022-23	1,300
Thereafter	5,200
	$ 11,700

6. Tangible capital and intangible assets:

Tangible capital and intangible assets consist of the following:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Land	$ 89,000	$ -	$ 89,000	$ 89,000
Buildings	583,377	211,425	371,952	341,410
Building improvements	156,438	46,809	109,629	110,234
Equipment and furniture	98,904	58,568	40,336	40,269
Computer equipment	5,042	3,633	1,409	1,862
Automobiles	225	94	131	74
Art collection (note 8)	24,550	-	24,550	24,434
Library holdings	20,633	13,102	7,531	8,228
Intangible assets:				
Software	1,226	914	312	620
	$ 979,395	$ 334,545	$ 644,850	$ 616,131

Cost and accumulated amortization at April 30, 2017 amounted to $938,756,000 and $322,625,000, respectively. In the year, $20,656,000 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 building improvements is $40,542,000 (2017 - $50,881,000) of construction in progress. As construction in progress is not yet in use, these assets are not amortized.

7. Accounts payable and accrued liabilities:

As at year end, the University had $4,070,000 (2017 - $4,022,000) payable for government remittances, including harmonized sales tax/goods and services tax and payroll remittances.

8. 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:

	2018	2017
Research	$ 31,451	$ 23,530
Grants	10,513	4,699
Student aid	5,128	5,126
Student fees	12,693	12,045
Donations	22,878	4,935
Other	19,870	18,328
	$ 102,533	$ 68,663

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

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.

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

Other deferred revenue includes deposits and prepayments on contracts.

9. Long-term debt:

As at April 30, 2018, the University has principal outstanding of $71,150,000 (2017 - $74,734,000) under long-term mortgages and loans.

(a) Details of long-term debt:

	Maturity	Interest rate	Annual payment	2018 Principal outstanding	2017 Principal outstanding
Mortgages payable:					
Glengarry Residence	2020	6.375%	$ 176	$ 277	$ 430
Loans payable:					
Leeds Residence	2027	6.724%	1,607	10,226	11,111
Prescott Residence	2029	6.299%	1,520	11,586	12,349
Frontenac Residence	2039	4.660%	888	12,499	12,798
Lennox & Addington Residence	2042	2.930%	1,581	27,428	28,195
NWRC loan	2028	6.460%	1,332	9,134	9,851
				70,873	74,304
				71,150	74,734
Less current portion of long-term debt				3,798	3,584
				$ 67,352	$ 71,150

Annual payment amounts include principal and interest.

(b) Long-term debt repayments:

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

2018-19	$ 3,798
2019-20	3,965
2020-21	4,079
2021-22	4,323
2022-23	4,583
Thereafter	50,402
	$ 71,150

9. Long-term debt (continued):

(c) 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 $101,758,000 of floating rate debt for fixed rate debt ranging from 2.930% to 6.724%. The related derivative agreements are in place until the maturity of the debts in 2027, 2029, 2039, 2042 and 2028.

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, 2018 is estimated to be $7,907,600 (2017 - $14,513,000) 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.

10. 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:

	2018	2017
Balance, beginning of year	$ 182,915	$ 175,370
Less amortization of deferred capital contributions	(12,379)	(12,502)
Add capital contributions received:		
Grants for equipment and buildings	25,318	20,008
Donated assets	202	39
	25,520	20,047
Balance, end of year	$ 196,056	$ 182,915

11. Employee future benefits:

(a) Employee future benefits liability:

	2018	2017
Post-employment and post-retirement benefit plans	$ 132,113	$ 127,970
Pension plan liability (asset)	(25,574)	8,615
	$ 106,539	$ 136,585

(b) Employee future benefits expense:

	Current service cost	Carrying cost	2018	2017
Post-employment and post-retirement benefit plans	$ 4,575	$ 7,806	$ 12,381	$ 11,024
Pension plan	13,498	526	14,024	10,413
	$ 18,073	$ 8,332	$ 26,405	$ 21,437

During the year, the University made cash contributions included in the total above of $3,871,000 (2017 - $4,374,000) and $26,446,000 (2017 - $22,810,000), respectively.

(c) Re-measurements and other items:

	2018	2017
Post-employment and post-retirement benefit plans	$ (4,367)	$ 10,789
Pension plan	(21,767)	34,990
	$ (26,134)	$ 45,779

(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, 2018.

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.

11. 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, 2016 determined that the Plan had an $80,101,000 unfunded going-concern liability and an unfunded $223,736,000 solvency liability as at July 1, 2016. The going-concern liability is to be repaid over a period not to exceed 15 years as required under the Pension Benefits Act of Ontario. Generally the solvency liability is to be repaid over a period not to exceed 5 years. However, the Province extended three rounds of temporary solvency funding relief to approved plans. Carleton University applied for and was determined to be an approved plan. The funding relief reduces the annual special payments that must be contributed to the fund. As such, effective July 1, 2017, the annual special payment required towards the combined going concern and solvency deficiencies is $13,508,000. The next actuarial valuation for funding purposes is required July 1, 2019. That valuation will determine the minimum funding requirement commencing July 1, 2020.

An actuarial valuation roll-forward for funding purposes was performed as at April 30, 2017, the measurement date for financial reporting purposes.

Accrued benefit liability:

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

	2018	2017
Accrued benefit obligation	$ 1,249,568	$ 1,239,455
Less: fair value of Plan assets	1,275,142	1,230,840
Accrued benefit liability (asset)	$ (25,574)	$ 8,615

12. 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).

12. Net assets (continued):

(a) Capital management (continued):

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 13(b).

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:

	2018	2017
General appropriations	$ 128,015	$ 125,870
Capital reserve	91,980	121,115
Pension liability reserve	128,941	103,941
Student aid funds	4,623	10,913
Other projects and initiatives	15,644	23,935
Total operating appropriations	369,203	385,774
Ancillary reserve fund	32,517	24,750
Research initiatives	39,371	26,605
Entrepreneurial initiatives	4,384	4,102
Professional development funds	2,105	1,973
Scholarship funds	12	24
	$ 447,592	$ 443,228

13. Investment in tangible capital and intangible assets:

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

	2018	2017
Tangible capital and intangible assets	$ 644,850	$ 616,131
Less amounts financed by:		
Deferred capital contributions	(196,056)	(182,915)
Mortgages payable	(277)	(430)
Loans payable (Leeds, Prescott, Frontenac Lennox & Addington residences)	(61,739)	(64,453)
Other short-term financing	(7,841)	(51,067)
	$ 378,937	$ 317,266

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

	2018	2017
Tangible capital and intangible assets additions:		
Total additions	$ 61,295	$ 51,612
Less:		
Contributions to art collection	(116)	-
Donated assets	(86)	(39)
Additions financed with grants	(25,318)	(20,008)
	35,775	31,565
Financing:		
Mortgages payable	153	183
Loans payable	2,714	2,588
Other short-term financing	43,226	(3,085)
	46,093	(314)
Amortization of deferred capital contributions	12,379	12,502
Amortization of tangible capital and intangible assets	(32,576)	(31,321)
	(20,197)	(18,819)
Net change in investment in tangible capital and intangible assets	$ 61,671	$ 12,432
Donated non-depreciable capital assets	$ 116	$ –
Investment of unrestricted net assets	61,555	12,432
	$ 61,671	12,432

14. 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.

Investment income earned on endowed investments is distributed at a rate of 4% (2017 - 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 2018	Total 2017
Donations and bequests	$ 7,066	$ –	$ 7,066	$ 7,015
Internal contributions	15,356	5,000	20,356	2,753
Realized gains on sale of investment	8,084	248	8,332	12,640
Investment income	3,636	190	3,826	4,667
Distribution per donor agreement	(11,946)	–	(11,946)	–
Income distributions	(9,673)	(127)	(9,800)	(9,083)
	12,523	5,311	17,834	17,992
Unrealized (losses) gains on investments	(9,887)	(305)	(10,192)	12,604
Net change in year	2,636	5,006	7,642	30,596
Fund balance, beginning of year	259,658	2,086	261,744	231,148
Fund balance, end of year	$ 262,294	$ 7,092	$ 269,386	$ 261,744

In 2015, a donation was received to fund physical infrastructure for a future building. The agreement stated that the funds were to be held as an endowment, and the income reinvested, until such time as construction began. Construction on the building began in 2018, and in accordance with the agreement, both principal and income on the balance were distributed to fund construction costs.

14. Endowments (continued):

The endowment balance consists of:

	2018	2017
Cumulative endowment principal	$ 172,269	$ 156,793
Cumulative undistributed investment income	81,656	79,298
Cumulative unrealized gains	15,461	25,653
Endowment balance on endowment investments	$ 269,386	$ 261,744

15. Contingent liabilities and commitments:

At April 30, 2018, commitments for future acquisitions, construction and renovations amounted to approximately $47,732,000 (2017 - $92,543,000).

Letters of credit totaling $13,954,000 (2017 - $15,964,000) were issued on behalf of the University at year-end.

16. 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.

17. Other revenue:

	2018	2017
Commissions and sponsorships	$ 9,195	$ 10,987
Medical insurance recoveries	1,487	1,553
Salary and benefit recoveries	1,263	1,202
Miscellaneous	8,260	7,592
	$ 20,205	$ 21,334

18. Other expenses:

	2018	2017
Licensing and membership fees	$ 7,207	$ 3,015
Support services	4,942	3,504
Equipment rental	4,834	4,844
Minor repair and upkeep	4,826	5,171
Advertising and promotion	3,746	3,539
Property taxes and insurance	3,010	3,060
Banking and bad debts	2,363	2,221
Communication	1,880	1,694
Miscellaneous	6,202	4,879
	$ 39,010	$ 31,927

19. Net change in non-cash operating working capital:

	2018	2017
Increase in accounts receivable	$ (5,717)	$ (3,078)
Decrease (increase) in prepaid expenses	(15,524)	743
Increase in accounts payable and accrued liabilities	7,394	7,767
Increase in deferred revenue	33,870	404
Increase in accrued leave	301	478
	$ 20,324	$ 6,314

20. Financial risks:

(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 SIPG, which is reviewed annually, 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.

20. Financial risks (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 2018, $1,338,000 (2017 - $1,279,000) 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 9.

(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.

There has been no change to the risk exposures from 2017.

21. 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 financial statements, for the year ended March 31, 2018.

21. Ontario Student Opportunity Trust Fund (Phase I and Phase II) and Ontario Trust for Student Support (continued):

Endowment Fund	Ontario Student Opportunity Trust Funds Phase I	Ontario Student Opportunity Trust Funds Phase II	Trust for Student Support	Total 2018	Total 2017
Fund balance, beginning of year	$ 16,916	$ 4,775	$ 17,018	$ 38,709	$ 38,709
Schedule of changes in expendable funds available for awards:					
Balance, beginning of year	$ (5)	$ 725	$ 294	$ 1,014	$ 1,061
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	1,407	259	770	2,436	2,382
Bursaries awarded	(1,368)	(198)	(759)	(2,325)	(2,428)
Balance, end of year	$ 34	$ 786	$ 305	$ 1,125	$ 1,015
Number of recipients	*778*	*129*	*528*	*1,435*	*1,683*
Endowment total book value	$ 16,950	$ 5,561	$ 17,323	$ 39,834	$ 39,724

22. Comparative figures:

Certain 2017 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2018.

23. Subsequent events:

On May 10, 2018 the University entered into a Purchase and Sale agreement with a third party to acquire property located in downtown Ottawa, known as the Dominion Chalmers Church. Included in deferred revenue and accounts receivable at year-end is the amount of $5,000,000 received from the Ministry of Advanced Education and Skills Development and held by a trustee pending the sale. The sale was concluded on June 25, 2018 in the amount of $6,650,000.

CARLETON UNIVERSITY

Schedule 1 - Consolidated Schedule of Changes in Ancillary Net Assets

Year ended April 30, 2018
(in thousands of dollars)

Unrestricted	Athletics	Bookstore	The Print Shop	Health Services
Revenues	$ 13,887	$ 696	$ 851	$ 3,492
Expenses	13,613	540	343	3,602
Excess (deficiency) of revenues over expenses	274	156	508	(110)
Net assets, beginning of year	–	–	–	–
Transfer from (to) non-ancillary unrestricted net assets	1,366	–	(70)	240
Appropriated to internally restricted net assets	(1,640)	(156)	(438)	(130)
Unrestricted net assets, end of year	$ –	$ –	$ –	$ –

Internally restricted	Athletics	Bookstore	The Print Shop	Health Services
Net assets, beginning of year	$ 8,233	$ 111	$ 1,004	$ 613
Appropriated from unrestricted net assets	1,640	156	438	130
Internally restricted net assets, end of year	$ 9,873	$ 267	$ 1,442	$ 743

Ancillary Property Rentals	Parking	Residence and Food Services	University Centre	Ancillary Capital Fund	Total 2018	Total 2017
$ 1,294	$ 5,358	$ 33,588	$ 652	$ 744	$ 60,562	$ 61,400
556	4,268	31,525	56	(84)	54,419	56,488
738	1,090	2,063	596	828	6,143	4,912
1,713	–	–	–	–	1,713	1,871
–	(197)	(285)	–	552	1,606	(88)
(756)	(893)	(1,778)	(596)	(1,380)	(7,767)	(4,982)
$ 1,695	$ –	$ –	$ –	$ –	$ 1,695	$ 1,713

Ancillary Property Rentals	Parking	Residence and Food Services	University Centre	Ancillary Capital Fund	Total 2018	Total 2017
$ 690	$ 1,951	$ 7,923	$ 1,895	$ 2,330	$ 24,750	$ 19,768
756	893	1,778	596	1,380	7,767	4,982
$ 1,446	$ 2,844	$ 9,701	$ 2,491	$ 3,710	$ 32,517	$ 24,750

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Mr. Bob Wener
Chair, Audit and Finance Committee
Carleton University
1125 Colonel By Drive
Ottawa, ON K1S 5B6

September 7, 2018

Dear Mr. Wener:

In planning and performing our audit of the consolidated financial statements of Carleton University ("the Entity") for the period ended April 30, 2018, 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 and 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.

IDENTIFICATION

Refer to Appendix A for the definitions of various control 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 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,

KPMG LLP

Licensed Public Accountants

APPENDIX A

Terminology	Definition
Deficiency in Internal Control	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 misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. 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.
Significant Deficiency in Internal Control	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.

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Mr. Bob Wener
Chair of the Audit Committee
Carleton University
1125 Colonel By Drive
Ottawa, ON K1S 5B6

September 7, 2018

Dear Mr. Wener:

Professional standards specify that we communicate to you in writing all relationships between the Entity (and its related entities) and our firm, that 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

We prepared the following comments to facilitate our discussion with you regarding independence matters arising since September 19, 2017.

KPMG

PROVISION OF SERVICES

The following summarizes the professional services rendered by us, and invoiced to the University (and its related entities) from September 19, 2017 up to the date of our auditors' report:

Description of Professional Services	Fees Paid or Payable
Audit	
Audits of the consolidated financial statements	$ 72,950
Audit of the Pension Fund of Carleton University Retirement Plan – June 30, 2017	15,245
Enrolment Report – April 30, 2018	12,630
Other Audits	
Audit of the Carleton University Foundation (U.S)	1,000
BIT Enrolment – April 30, 2018	3,160
Capital Program Audit Statements – FRP – 2018	3,710
Schedule of Occupancy Costs – CTTC – April 30, 2018	4,550
Attendant Care Services Program – March 31, 2018	2,380
US Department of Education's Foreign School Audit Guide – 2018 academic year	3,475
Starving to Gamble project for the Ministry of Health and Long Term Care	4,000
Energy Retrofit and Modernization of Facilities Audit	4,000
Institute for Advanced Research and Innovation in Smart Environments Audit	4,000
Tax	
Indirect Tax advice – Hospitality	22,350
Advisory	
Dominion Chalmers Church Due Diligence	30,000

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. Although we have policies and procedures to ensure that we did not provide any prohibited services and to ensure that we have not audited our own work, we have applied the following safeguards regarding to the threats to independence listed above:

- 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

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, 2017 up to the date of our auditors' report.

CONFIRMATION OF INDEPENDENCE

We confirm that we are independent with respect to the Entity (and its related entities) within the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from May 1, 2017 up to the date of our auditors' report.

OTHER MATTERS

In the appendix, we provide a summary of KPMG services rendered and invoiced over the past three years.

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,

KPMG LLP

Licensed Public Accountants

Carleton University
KPMG Fees for work performed
As of Aug 22, 2018

	2017-2018 Fees Billed-to-date*	2017-2018 Approved Fees*	2016-2017 Actual Fees*	2015-2016 Actual Fees*
AUDIT SERVICES				
Audit of the consolidated financial statements	$ 65,000	$ 72,950	$ 72,950	$ 72,950
Audit of the Pension Fund of Carleton University Retirement Plan June 30, 2017	15,245	15,245	15,245	15,245
Enrolment Report - April 30, 2018	12,630	12,630	12,630	12,630
Audit of the Carleton University Foundation (U.S.)	1,000	1,000	1,000	1,000
BIT Enrolment - April 30, 2018	3,160	3,160	3,160	3,160
Capital Program Audit Statement - FRP - 2018	3,710	3,710	3,710	3,710
Schedule of Occupancy Costs - CTTC - April 30, 2018	-	4,550	4,550	4,550
Attendant Care Services Program - March 31, 2018	2,380	2,380	2,380	2,380
US Department of Education's Foreign School Audit Guide - 2018 Academic year	3,475	3,475	3,475	3,475
IPDET Program Audit January 31, 2018	-	-	4,460	4,460
ORF Program audit	-	-	4,000	-
Starving to Gamble Project for the Ministry of Health and Long Term Care		4,000	4,000	-
Energy Retrofit and Modernization of Facilities Audit	4,000	4,000	4,000	-
Institute for Advanced Research and Innovation in Smart Environments audit	4,000	4,000	4,000	-
Carleton University Bookstore Audit	-	-	5,500	-
TOTAL AUDIT SERVICES	**114,600**	**131,100**	**145,060**	**123,560**
TAX SERVICES				
Indirect Tax Services	22,350	22,350	33,036	12,725
	22,350	**22,350**	**33,036**	**12,725**
ADVISORY SERVICES				
Dominion Chalmers Church Due Diligence	30,000	30,000	-	-
	30,000	**30,000**	**-**	**-**
TOTAL	**166,950**	**183,450**	**178,096**	**136,285**
RATIO OF ADVISORY SERVICES TO AUDIT SERVICES	**0.26**	**0.23**	**0.00**	**0.00**
3 year average	**0.08**			

** Year references the "audit cycle year" which is defined as the period from the closing Audit Committee meeting in September to the closing meeting in the following September*

Carleton UNIVERSITY
Canada's Capital University

BOARD OF GOVERNORS REPORT

To:	Board of Governors	**Date of Report:** 8/24/2018
From:	Vice-President (Finance and Administration)	**Date of Meeting:** 9/25/2018
Subject:	Financial Report for Fiscal Year 2017/18	
Responsible Portfolio:	Finance and Administration	

1.0 PURPOSE

☐ For Approval ☐ For Information ☒ For Discussion

2.0 MOTION

None

3.0 EXECUTIVE SUMMARY

The Annual Financial Report is submitted annually to the Finance Committee for review and discussion of financial results and to provide an analysis of performance against budget. The Annual Financial Report (attached) includes a management discussion & analysis section, a review of financial performance against budget, and Carleton's draft audited financial statements.

For the fiscal year 2017-18, the University generated consolidated excess revenue over expenses of $89.4 million. In relations to the operating budget, this surplus reflects timing differences in the recognition of operating expenses such as investments in capital assets ($61.5 million) and the impact of internal contributions to endowment funds ($15.4 million).

Consolidated revenues of $655.8 million were up 4.2% from the previous year while consolidated expenses of $566.5 million increased by 7.1%. Enrolment growth of 2.7% and average tuition fee increases of 3% were key contributors to the higher revenue. Government grants increased by 3.3% during the year, reflecting transitional monies received to support the shift to the government new "corridor" funding model along with student-focused special purpose grants. Research grants and contracts recognized in the financial statements increased by $7.4 million or 14.5% over the previous year, while deferred research revenues climbed $8.0 million to $31.5 million, reflecting the success of Carleton's efforts to expand research activities. Salaries and benefits still form the largest part of the university's consolidated expenditures at $352 million or 62%. This represents an increase of $21 million over 2016-2017.

The strong financial results for the year saw the University net assets increase by $102.9 million to $990.1 million, an 11.6% increase over the previous year. This increase reflects the $89.4 million excess of revenues over expenses, the $26.1 million positive re-measurement of employee future benefits (offset by a $12.7 million negative adjustment for net endowment contributions), and unrealized losses. Additional investments in capital assets included major projects such as the Health Science Building, the Institute for Advanced Research and Innovation in Smart Environments (ARISE), a new co-generation plant, and a multi-year building modernization program (deferred maintenance).

Endowed net assets reached $269.4 million in 2017-18, after income distributions of $9.8 million and an $11.9 million withdrawal of capital and income related to a specific donor agreement. Gifts and pledges received towards Carleton's $300 million Capital Campaign reached a total of $270 million. Donation revenue recognized

during the year amounted to $12.9 million, an increase of 59% from the previous year. In addition, contributions to endowment funds increased by $7.1 million.

4.0 INPUT FROM OTHER SOURCES

The Annual Financial Report was prepared by the Finance Department 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 Training, 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.

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

	LOW	MINOR	MODERATE	SERIOUS	VERY SERIOUS
STRATEGIC	☒	☐	☐	☐	☐
LEGAL	☒	☐	☐	☐	☐
OPERATIONAL	☒	☐	☐	☐	☐
TECHNOLOGICAL	☒	☐	☐	☐	☐
FINANCIAL	☒	☐	☐	☐	☐
REPUTATIONAL	☒	☐	☐	☐	☐

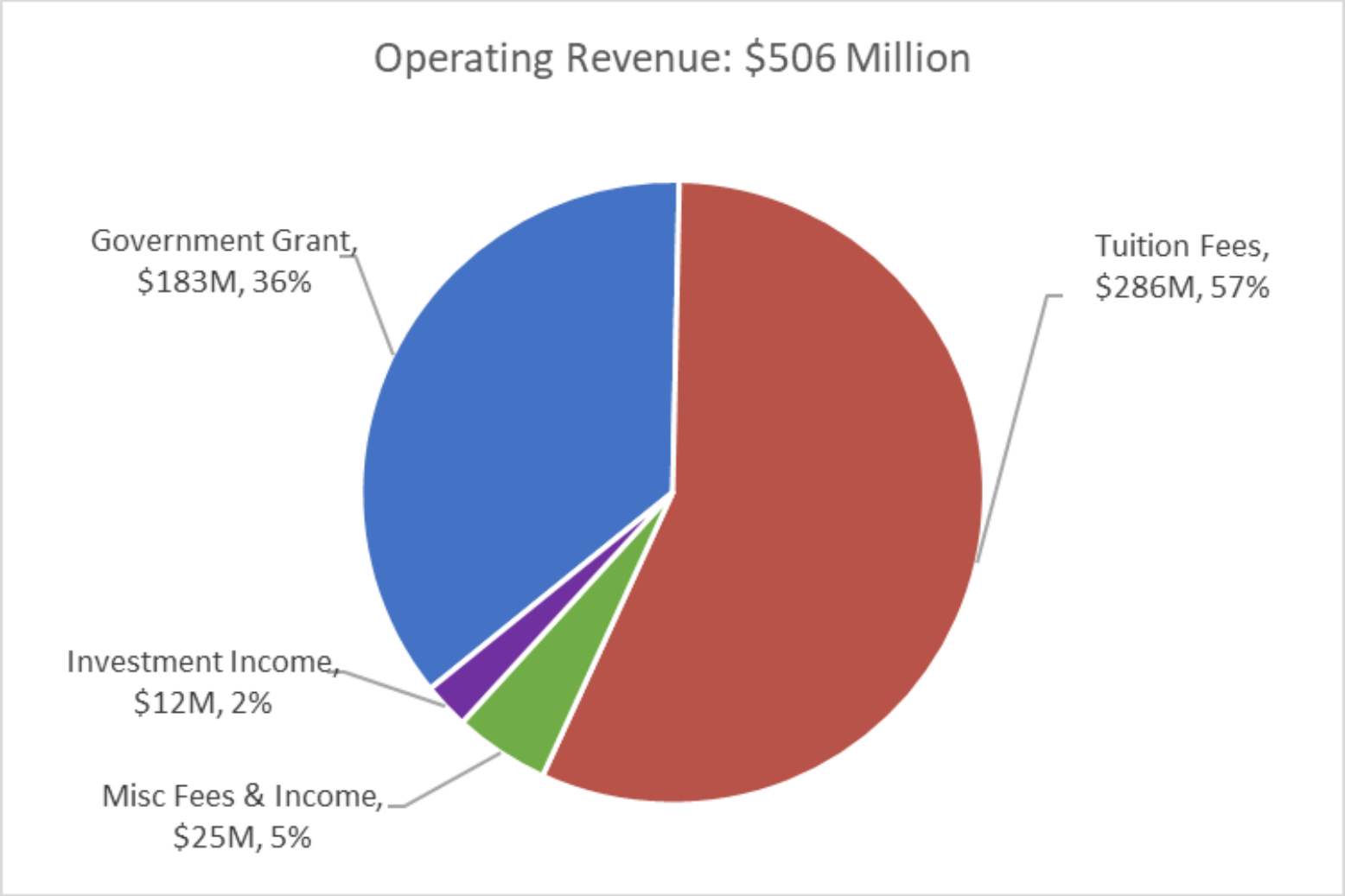
Carleton UNIVERSITY

Canada's Capital University

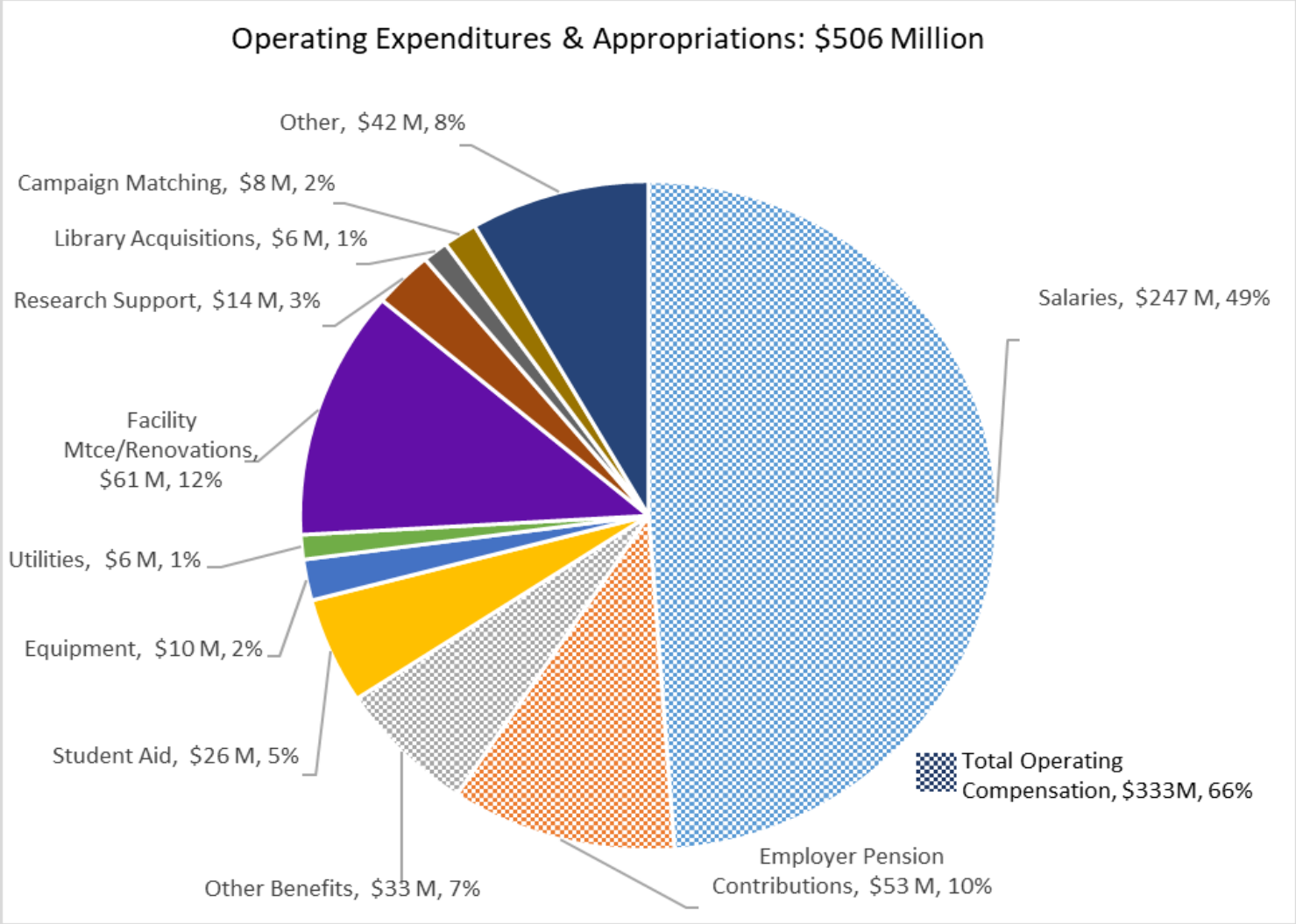
Financial Report to the Board of Governors
Fiscal Year 2017-2018

September 25, 2018

2017-18 Operating Results ($M)



2017-18 Operating Results ($M)



FINANCIAL HIGHLIGHTS

- Total Enrolment increased 3.1% over previous year (+841 F.T.E)
- Operating results show a surplus of $23.6M, appropriated to:
  - capital reserve - $16.1M
  - student aid matching - $3.1M
  - investment income equalization reserve - $4.4M
- Ancillary operations finished the year with positive results of $7.7M
- Investment income of $20.1M compared to $33.5M in 2016-2017
- Capital additions of $61.3M compared to $51.6M in previous year
- Long term debt at $67.4m versus $71.1M in 2016-2017

ANALYSIS OF ACTUAL RESULTS VS. BUDGET AND PROJECTION

Carleton UNIVERSITY

Canada's Capital University

2017-18 Actual Results - Operating Fund

	2017-18 Budget ($000)	2017-18 Projected Results ($000)	2017-18 Actual Results ($000)	Variance to Projected Results ($000)
Government Grant 1	171,744	176,475	182,592	6,117
Tuition Fee	274,202	286,550	286,430	(120)
Investment Income 2	8,250	10,194	12,610	2,416
Other Income 3	22,051	16,866	24,817	7,951
Total Income	476,247	490,085	506,449	16,364
Total Expenses	476,247	490,085	506,449	16,364
Operating Results	-	-	-	-

Notes 2017-18 Actual vs. 2017-18 Projected:

1. Due mostly to changes in funding model, including a $4.4M one-time transition grant
2. Relates mostly to unrealized gains as of April 30/18 that must be recognized in income.
3. Relates to a large donation to the Earth Sciences department

Carleton UNIVERSITY

Canada's Capital University

2017-18 Actual Results -Expenditures

Expenditures	2017-18 Budget ($000)	2017-18 Projected Results ($000)	2017-18 Actual Results ($000)	Variance to Projected Results ($000)
RPC Budgets	293,887	273,950	268,739	(5,211)
University Budgets 1	133,353	143,370	154,879	11,509
Provisions and Contingencies	26,266	-	-	-
Interfund Transfers 2	22,741	62,680	99,402	36,722
Net Appropriations 2	-	10,085	(16,571)	(26,656)
Total Expenses	476,247	490,085	506,449	16,364

Notes 2017-18 Actual vs. 2017-18 Projected:

1. Included in actual results are aggregate amounts of contract settlements which were not charged out to RPC budgets until 18-19
2. Variance in both transfers and net appropriations relates to capital and endowment contributions which were earmarked in prior year as appropriations but realized as expenditures in 17-18. The $16.6M net deficit in appropriations is net of $23.6M of new appropriations, including $16.1M for capital, $3.1M for endowed student aid, and $4.4M for investment income equalization fund.

Provisions and Contingencies

Provisions and Contingencies	2017-18 Opening Budget ($000)	2017-18 Allocations ($000)	(Over)/Under Allocation ($000)
Salary Allocations	10,270	7,784	2,486
Midyear Allocations	2,239	3,669	(1,430)
Enrolment Incentives	11,306	18,454	(7,148)
Pension Plan Deficit	35,000	34,600	400
Capital Projects	8,000	8,000	-
Matching Funds – Student Aid	5,000	5,000	-
Other Allocations	1,279	1,356	(77)
Total Provisions and Contingencies	73,094	78,863	(5,769)

Carleton UNIVERSITY
Canada's Capital University

2017-18 Actual Results - Ancillary Activities

	2017-18 Budget ($000)	2017-18 Projection ($000)	2017-18 Actual Results ($000)	Variance To Projection
Revenue	67,609	68,626	69,633	1,007
Expenses and transfers	43,211	41,416	40,382	(1,034)
Renovations and capital debt	21,995	19,971	21,502	1,531
Surplus	2,403	7,239	7,749	510
Accumulated closing surplus	27,284	32,120	32,630	510
Outstanding debt		111,382	108,299	(3,083)

Total deferred maintenance - $65.4 million

2017-18 Actual Results vs Budget Ancillary Activities ($000)

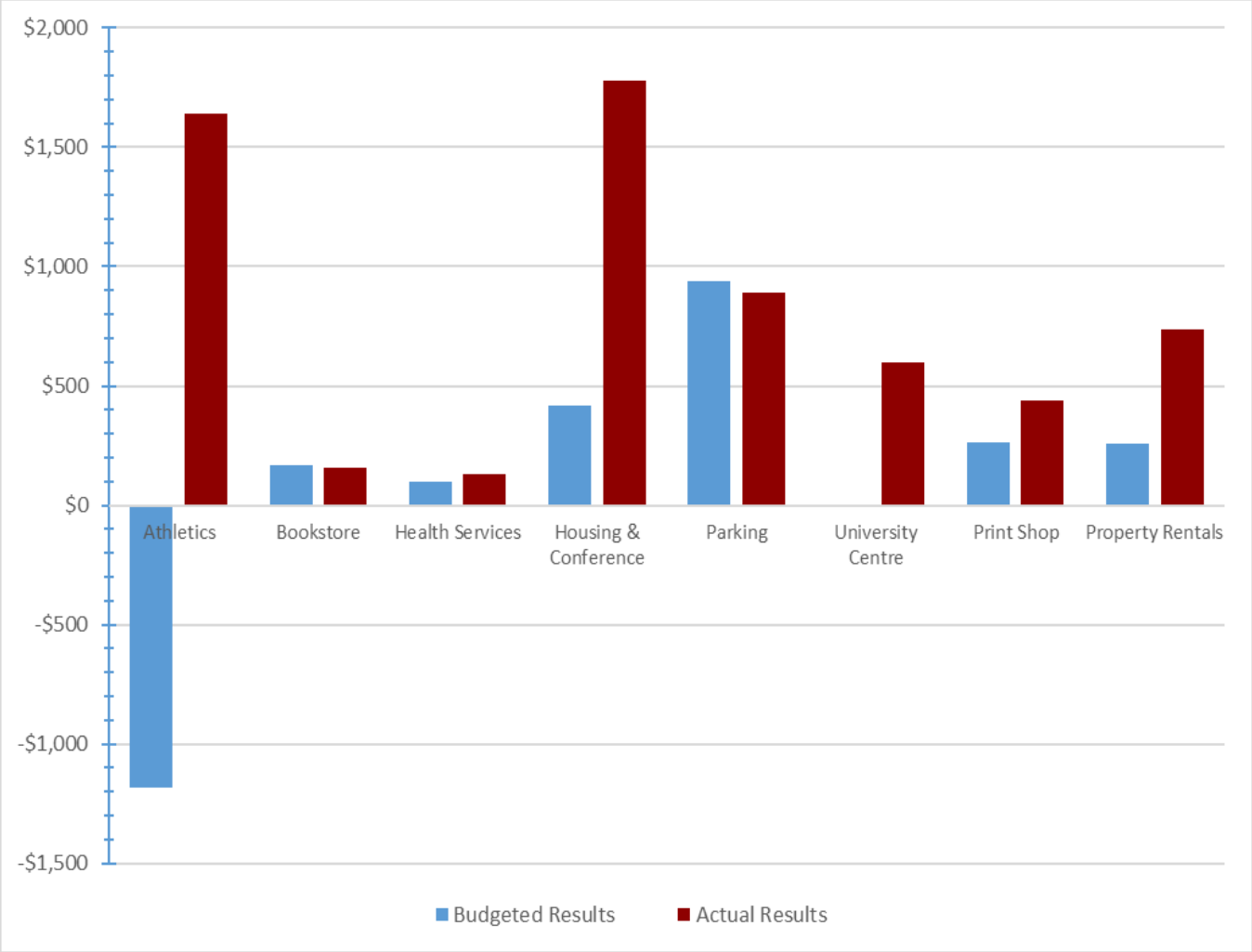
Carleton UNIVERSITY
Canada's Capital University

Highlights

Athletics exceeded planned surplus due to deferring renovations on HVAC & pool

Housing & Conference Services had higher surplus due to additional business for Canada 150 & CU75 celebrations

University Centre is run on cost recovery. Surplus generated will fund roofing renovations in FY18-19



OPERATING RESULTS
5 YEAR TREND

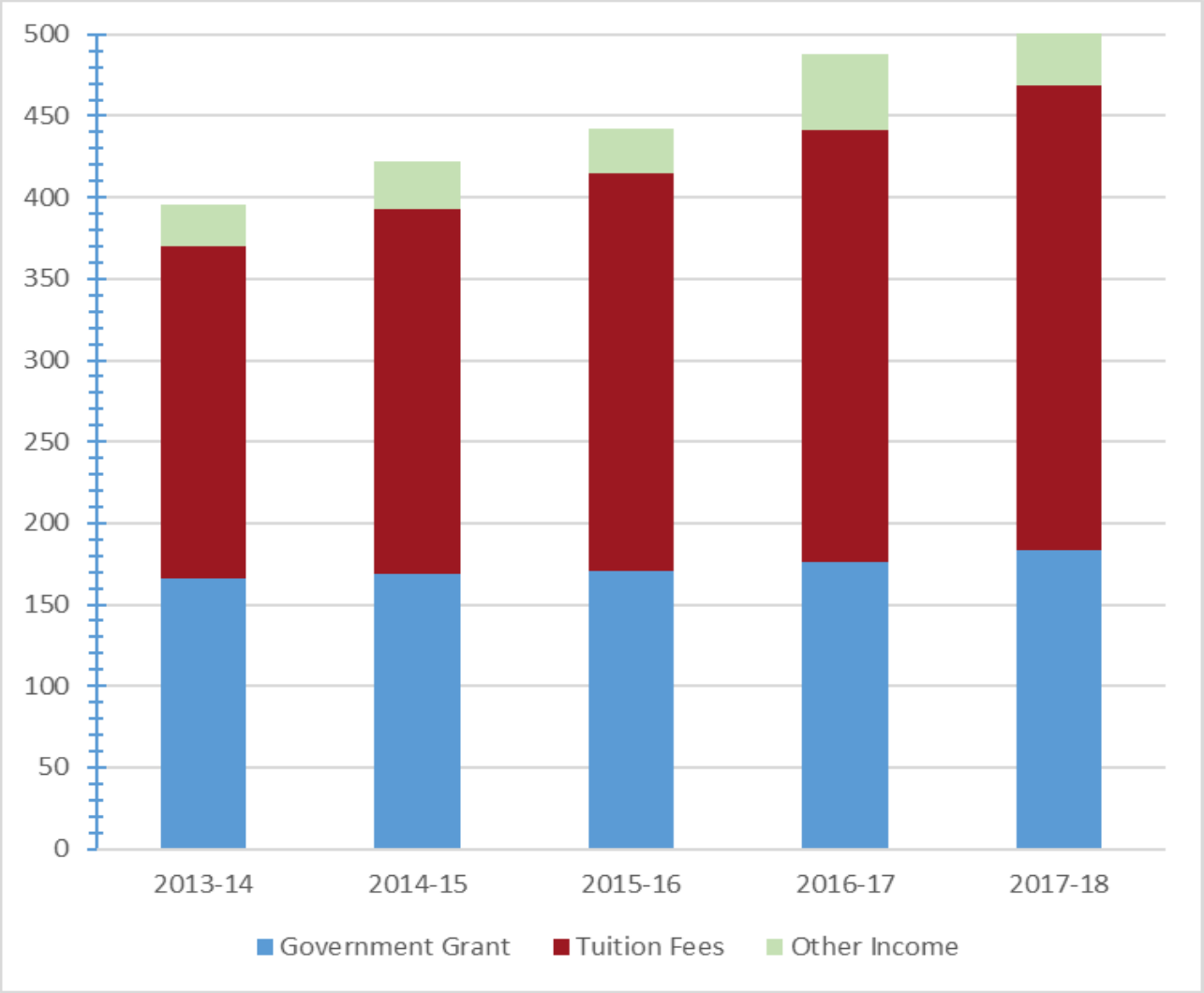
Operating Income By Source ($ Million)

Highlights
FY2017-18

Income of $506.4M, $18.7M higher than previous year

(offset by additional expenditures of $4.9M)

Trend of higher tuition fees and lower govt. grants

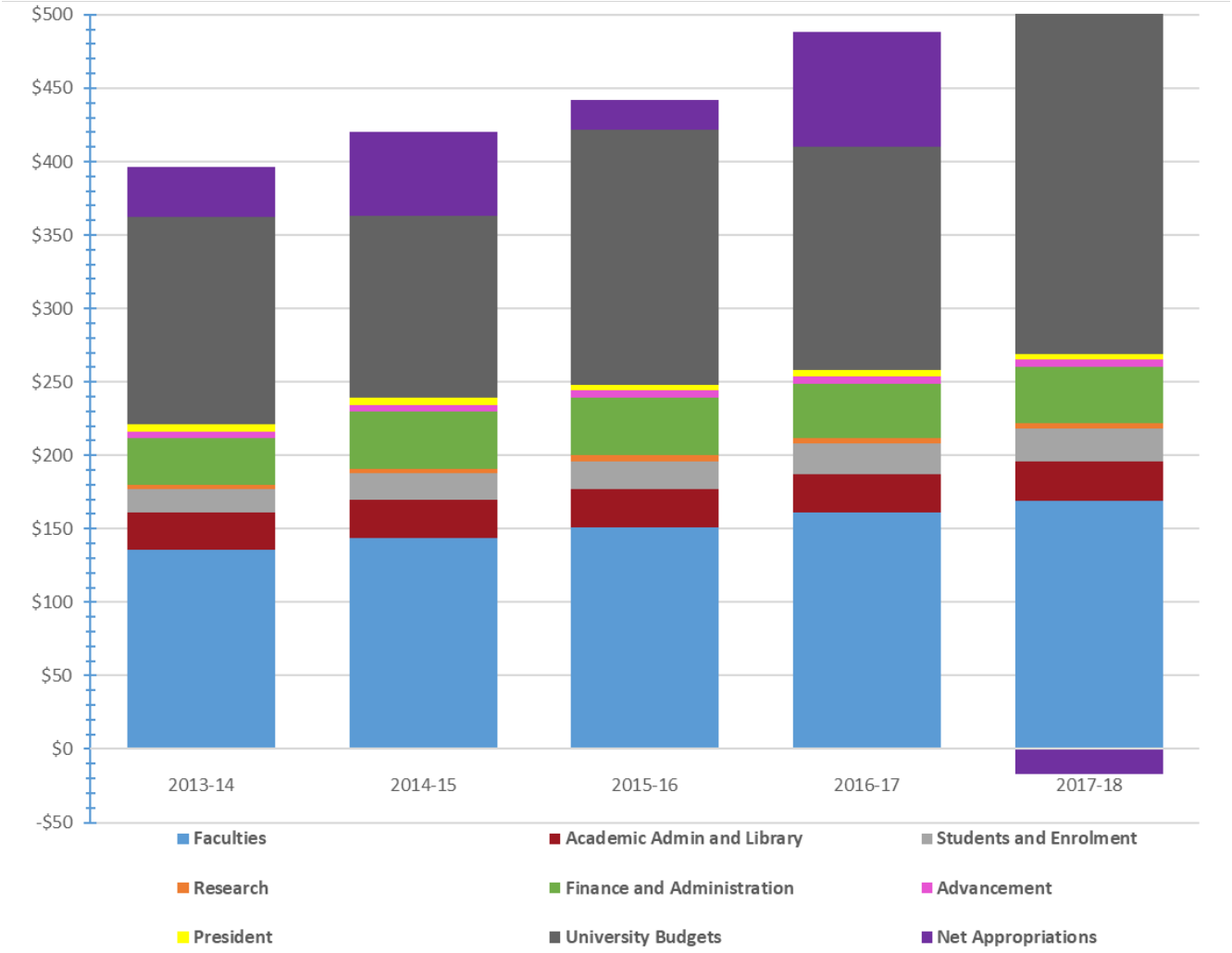


Operating Expenditure by Function ($M)

Highlights

Expenditures of $506.4M, higher than previous year by $18.7M

Impacted by $23.6M of new appropriations for student aid matching funds, capital reserves, and investment income equalization fund



FINANCIAL REPORT TO THE BOARD OF GOVERNORS
2017-2018

Carleton UNIVERSITY

Canada's Capital University

Table of Contents

Management Discussion and Analysis

1. Consolidated Statements - Executive Summary

2. Statement of Operation Detail – Operating Fund

I. Management Discussion and Analysis

Introduction

In 1942, the community opened the doors of Carleton College in Ottawa to students building their careers after the Depression and military service in the Second World War. Today, 75 years later, Carleton University takes pride in its continued connections to the community.

Our campus community is made up of more than 30,600 undergraduate and graduate students and more than 2,000 faculty and staff. Carleton offers 65 degree programs in six faculties: Arts and Social Sciences, Engineering and Design, Public Affairs, Science, Business and Graduate and Postdoctoral Affairs.

We are known for the breadth and excellence of our research enterprise, as well as for the exceptional level of co-operation across disciplines, allowing faculty and students to explore the full complexity of real-world challenges.

The 2017-2018 fiscal year was an exciting time for Carleton, as it celebrated its 75th anniversary with a wide range of events that brought together students, faculty, staff, alumni and community partners who have contributed in making Carleton Canada's Capital University.

Carleton's Strategic Integrated Plan (SIP) – 2013-2018, *Sustainable Communities – Global Prosperities*, is constructed along the themes of research and teaching excellence, accessibility, and leadership. These themes support the setting of operating priorities overseen by the Strategic Integrated Planning Committee (SIPC) in areas of teaching, enrolment, student support, leadership development, and environmental stewardship. More specifically:

- Teaching – Improving graduation and retention rates for undergraduate and graduate students, and adapting enrolment management to reflect the requirements of the Ontario Government Strategic Mandate Agreement funding framework

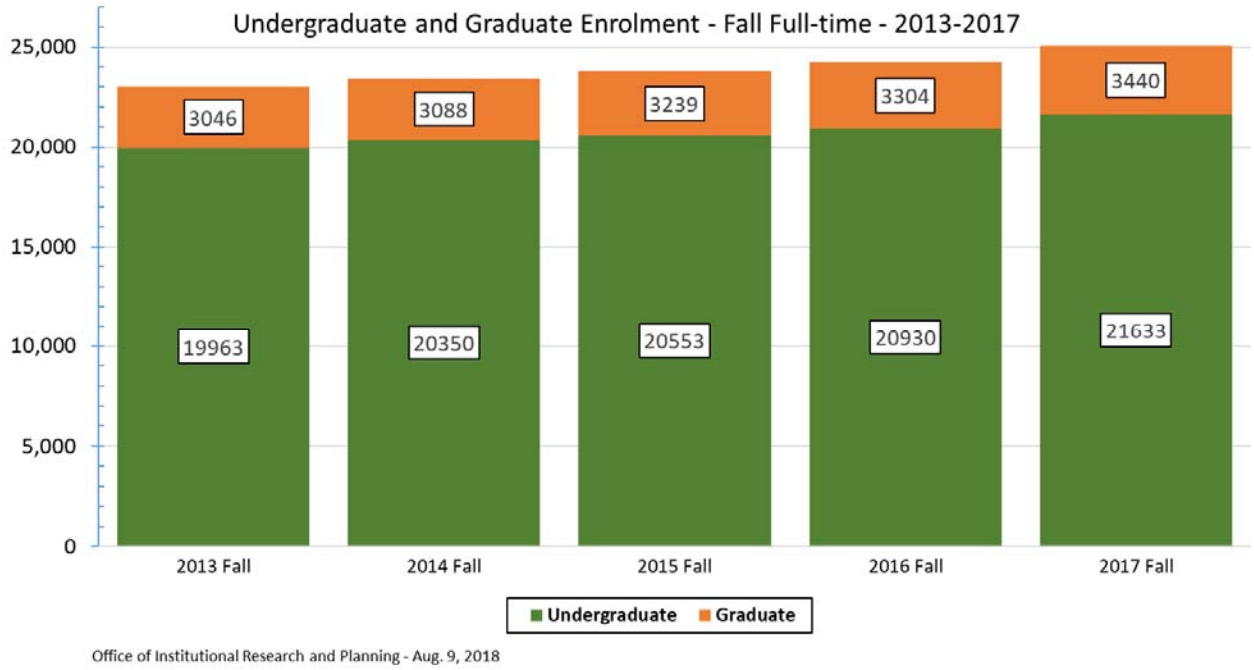
- Students – Advancing the student experience with focus on skills development towards higher employability, and professional development opportunities for graduate students. Other key priorities evolve around improving student accessibility support

- Research – Increasing the level of research funding and the number of formal research partnerships with expected improvements in the number of papers published and citations reported

- Organization – Achieving Carleton's $300-million Capital Campaign. Other priorities include leadership development initiatives and the improvement of academic and administrative processes along with campus-wide energy management and sustainability initiatives (e.g. Co-generation, recycling).

Operating Environment

Through strong enrolment management, Carleton has been able to maintain sustainable growth over the years (see graph below), which has enabled the university to achieve the financial strength necessary to modernize its infrastructure, invest in new academic programs, and address ongoing challenges, such as government funding limitations and pension liability.



In early 2017, there was an unusual amount of transition within the senior ranks of the university, including the departure of the President and the Vice-President (Academic). That challenge was short-lived as the university soon recruited an experienced Interim President, who was successful in advancing the university's agenda and setting the stage for the transition to new leadership.

In 2017-2018, Carleton signed a new Strategic Mandate Agreement (SMA) with the province. The SMA details the objectives and priorities of the Ontario government, a new funding model and performance metrics. Although these performance metrics will not influence funding until SMA3 (2020-2021), universities will be required to manage and report results achieved. For Carleton, the new (corridor) funding mechanism essentially sets the 2017-2018 enrolment grant funding at the 2016-2017 level, and consolidated most grants into three envelopes – "Core Operating Grant" (90% of total grant), "Differentiation/Performance/Student Success" (8%) and other "Special Purpose Grants" (2%). In addition, the Ministry of Training, Colleges, and Universities provided one-time funding of $4.5 million to support the transition to the new funding model. We were also approved for $5 million in funding over the next two years from the ministry for the creation of the David C. Onley Initiative for Employment & Enterprise. This funding will assist students with disabilities at all Ottawa post-secondary institutions through support and mentorship for entrepreneurial development; employment support (including connecting students to employers); and one-on-one coaching and mentoring.

During 2017-2018, Carleton negotiated new labour agreements with the Carleton University Academic Staff Association (CUASA), and the Canadian Union of Public Employees - Clerical, Technical and Administrative Staff (CUPE 2424). As of early August 2018 negotiations are ongoing with CUPE 3778 – Central Heating Plant Staff, CUPE 910 – Operational and Maintenance Staff, and Carleton University Postdoctoral Union. Although agreements with CUASA and CUPE 2424 were completed on mutually satisfactory terms, negotiations with CUPE 2424 resulted in a five week labour disruption, which we expect will have some impact on student enrolment for 2018-2019.

Using the Financial Report

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

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

For capital acquisitions, the university internally accounts for the expenditures on a cash basis, as this provides a better link between funding and budgets. However, under generally accepted accounting principles, the audited financial statements include only a 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 operating results in the Financial Report and as internally restricted assets in the audited Consolidated Statement of Operations. 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.

Regarding endowment funds, internal matching contributions to any endowment (externally restricted or Board designated) are not included in the audited Consolidated Statement of Operations, but as direct increases to endowment net assets and decreases to unrestricted net assets, after surplus. 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:

Excess of revenue over expense per audited statements	$	89.4 M
Net change in investment in capital assets	$	(61.6 M)
Increase in internal appropriations	$	(4.4 M)
Internal contributions to endowment	$	(20.4 M)
Other items*	$	(3.1 M)
Excess of revenue over expense per Financial Report	$	nil

*Other items include the difference in calculated employee future benefit expenses versus the net cash payment for those benefits.

Section 2.5 of the Financial Report provides further details on the differences between the audited Consolidated Statement of Operations and the Financial Report. Schedule 1 of the Financial Report provides specific financial analysis of operating income and expenses in comparison to the 2017-2018 operating budget approved by the Board of Governors.

Audited Consolidated Financial Statements

The audited financial statements combine all activities of the university (general operating, ancillary, research, capital, trust) into one statement, and should be read in conjunction with the Financial Report, which highlights key operating income and expenses as compared to the approved 2017-2018 Operating Budget.

As shown in the Consolidated Financial Statements, the university generated an excess of revenue over expenses of $89.4 million in 2017-2018. This surplus reflects timing differences in the recognition of operating expenses, such as investments in capital assets ($61.5 million) and the impact of internal contributions to endowment funds ($20.4 million).

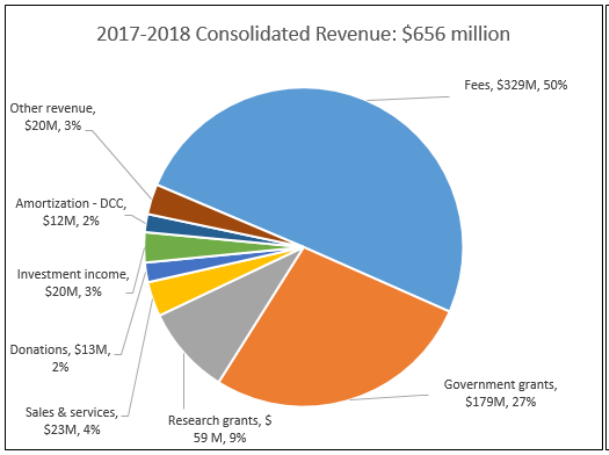
The university's consolidated revenue of $655.8 million was up 4.2% from the previous year while consolidated expenses of $566.5 million increased by 7.1%. Enrolment growth of 3.1% and average tuition fee increases of 3% were key contributors to the higher revenue.

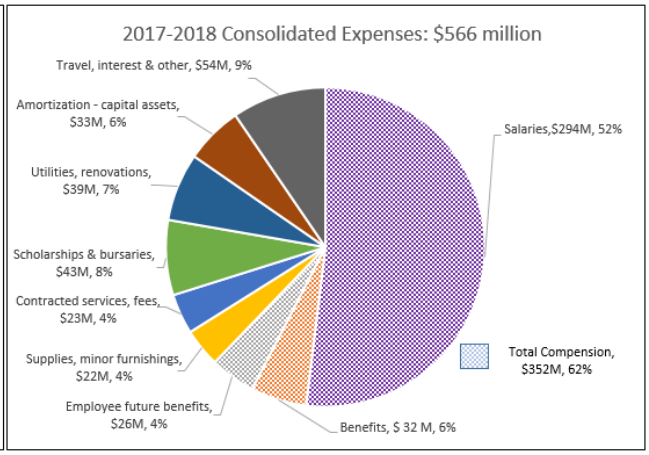
In addition, government grants increased by 3.3% during the year, reflecting transitional monies received to support the shift to the government's new "corridor funding" model, along with new student-focused special purpose grants.

Research grants and contracts recognized in the financial statements increased by $7.4 million or 14.5% over the previous year, while deferred research revenues climbed $8.0 million to $31.5 million, reflecting the success of Carleton's efforts to expand research activities.

Salaries and benefits still form the largest part of the university's consolidated expenditures at $352 million or 62%. This represents an increase of $21 million over 2016-2017.

The charts below illustrate the sources of consolidated revenue and expenditures for 2017-2018.



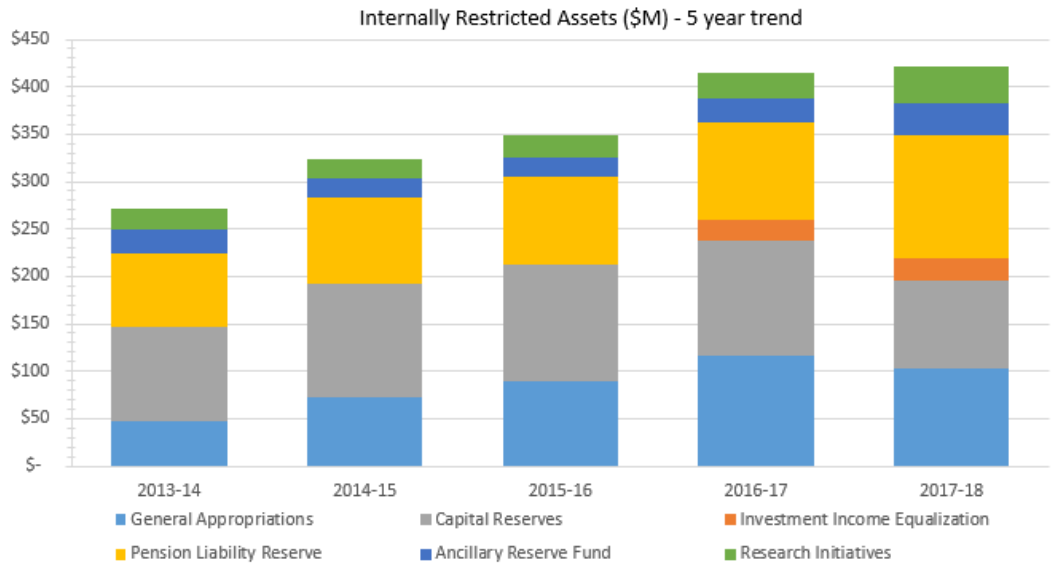


The strong financial results for the year saw the university's net assets increase by $102.9 million to $990.1 million, an 11.6% increase over the previous year. This increase reflects the $89.4 million excess of revenues over expenses, the $26.1 million positive re-measurement of employee future benefits (offset by a $12.7 million negative adjustment for net endowment contributions), and unrealized losses. Additional investments in capital assets included major projects such as the Health Sciences Building, the Institute for Advanced Research and Innovation in Smart Environments (ARISE), a new Co-generation plant, and a multi-year building modernization program (deferred maintenance).

Endowed net assets reached $269.4 million in 2017-18, after income distributions of $9.8 million and an $11.9 million withdrawal of capital and income related to a specific donor agreement. The majority of endowment distributions are to support student initiatives including scholarships and bursaries.

Gifts and pledges received as part of Carleton's $300-million Capital Campaign reached just under $270 million in 2017-2018. Donation revenue recognized during the year amounted to $12.9 million, an increase of 59% from the previous year. In addition, contributions to endowment funds amounted to $7.1 million. Contributions from donors form a vital part of the university's annual operations and help finance student activities and financial aid.

Internal reserves previously described are shown in the Consolidated Statement of Financial Position as internally restricted assets. The chart below shows the evolution of these reserves over the last five years with the largest increase associated with pension liabilities.



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 SMA framework. These financial metrics are described below, and demonstrate that Carleton is in good financial health, which provides flexibility to address future opportunities and funding challenges.

System-Wide Financial Metrics*

	2015-2016	2016-2017 (Preliminary)	2016-2017 (Sector Average)
Net Income/Loss Ratio *(Profitability Indicator)*	12.7%	16.0%	5.1%
Net Operating Revenue Ratio *(Indicator of cash flow generation)*	13.5%	19.1%	9.0%
Primary Reserve Ratio (days) *(Ability to operate using unrestricted reserves)*	265	309	106
Viability Ratio *(Ability to cover long-term debt using unrestricted assets)*	4.9	6.3	2.8
Interest Rate Burden Ratio *(Proportion of total expenses to cover Interest payments)*	0.8%	0.8%	2.2%

* Source: Council of Ontario Financial Officers (COFO)

Capital Investments and Facility Renewal

Since 2008, Carleton's enrolment has grown from 24,211 students to more than 30,600 (fall 2018 count). In order to accommodate that growth, the university has invested over $386 million in major capital projects, which saw the commissioning of the Canal Building - Engineering ($30 million), Richcraft Hall – Public Affairs ($55 million) and, more recently, the Health Sciences Building ($52 million). Work is under way to complete the Advance Research and Innovations in Smart Environments (ARISE) Building ($29.5 million) and the Board has recently approved construction of a new Nicol Building – Business ($65 million), which will provide much needed classroom and workshop space.

In addition to investing in new facilities, the university has to address a backlog of deferred maintenance projects to maintain existing buildings in acceptable condition. Carleton's 2016-2017 building condition assessment indicated that over 60% of the buildings on campus were considered in poor condition. In order to address the backlog of deferred maintenance projects, the Board approved funding of $140 million over a 10-year period in 2016. To date, $36 million has been spent on building modernization projects, including $20.6 million in 2017-2018.

Conclusion

Looking forward, many drivers affect today's higher education environment. Factors such as slow growth of the post-secondary cohort, uncertainty about government funding, and demands for increased accountability, have added risks facing the university community. We continue to address and manage our ongoing financial risks through prudent management of our resources. For example, continued contributions to the university's pension reserve have mitigated pending financial implications of future funding requirement changes. Similarly, increased funding to our capital reserves will address future space requirements, as well as deferred maintenance for existing campus buildings and laboratories.

Carleton has been fortunate to maintain a robust financial position which will allow us to address the emerging challenges of the future.

M. Piché
Vice-President
(Finance and Administration)

September 2018

Consolidated Statements – Executive Summary

1.1 Operating Fund – Schedule 1 & 1A

As summarized in section 2.2.3, operating results for 2017-2018, before additional appropriations, showed a surplus of $23.6 million. This compares to an estimate of $10.1 million earlier in the year. A comparison of actuals to the revised opening budget is presented in Schedule 1, while actuals compared to the projection is presented in Schedule 1A.

A breakdown and comparison follows:

	2017-2018 Actual $M	*2017-2018 Projection $M*	*2017-2018 Budget $M*
Surplus generated for the year	23.6	10.1	-
Additional appropriations	23.6	10.1	-
Increase in accumulated surplus	-	-	-

The breakeven result for 2017-2018 leaves the accumulated surplus unchanged at $0.5M as of April 2018. A summary of the individual budgetary improvements and shortfalls is set out below. It excludes items where specific income was offset by related expenditure (see section 2.1).

Income: $25.3 million above budget

As outlined in section 2.2.3, the income items over budget were: Grant income $7.2 million, Tuition income $12.2 million, Miscellaneous income $1.5 million and Investment income $4.4 million.

Expenses and Appropriations: $25.3 million above budget

Allocations more than contingency funds -	$ 5.8 million cost
Expenses less than allocations -	$ (4.1) million savings
New appropriations -	$ 23.6 million cost

1.2 Ancillary Operations: Schedule 2

The ancillary operations finished the year with a surplus of $7.7 million from regular operations. The results of the individual services varied considerably and each is reviewed in section 2.3 of this report.

1.3 Statement of Financial Position (balance sheet)

Cash and cash equivalents and marketable securities increased by $69.6 million in 2017-2018, which is directly related to the increase in deferred revenue and accounts payable of $41.3 million and, to a lesser extent, an increase in internally restricted net assets of $4.4 million.

Deferred revenue increased by $33.9 million over last year, and relates mostly to restricted contributions. The government provided a $5.0 million grant for the pending purchase of the Dominion Chalmers Church, while a significant donation of three-year software licences increased the balance by $16.2 million.

A significant investment in capital assets was made during the year, with additions totalling $61.3 million dollars. The majority of this related to building and building improvements, including the Strategic Investment Fund (SIF) funded ARISE building and Energy project, and the internally funded Health Science building.

2. Consolidated Statement of Operations

The Consolidated Financial Statements record income and expenses in accordance with Canadian accounting standards for not-for-profit organizations, as defined by the Chartered Professional Accountants (CPA) of Canada. Beginning with the 1997-1998 fiscal year, these statements combined all the activities of the university (previously segregated into "funds") into one statement. As the general operating activities of the university require specific strategic financial analysis, operating income and expenses are highlighted and restated in Schedule 1 immediately following these notes. This restatement facilitates a comparison to the 2017-2018 operating budget as approved by the Board of Governors in spring 2017.

In the sections 2.1, 2.2 and Schedule 1 which follow, the operating income and expenses are analysed and compared to the budget. The income and expenses of the Ancillary, Plant, and Research operations are reviewed in sections 2.3 to 2.4, and a reconciliation of these results to the audited financial statements is provided in section 2.5.

2.1 Operating Income

Operating income totalled $506,449,000 in 2017-2018. This compares to an original budget of $476,247,000 and a total for the previous year of $487,797,000. Total operating income was therefore $30,202,000 (6.3%) above budget, and $18,652,000 (3.8%) above the previous year.

	2017-2018 Actual $000	*2017-2018 Budget $000*	*Variance $000*
Revenues	506,449	476,247	30,202
Items offset by expenditures (section 2.2.1)	4,928	-	4,928
Net Revenues	501,521	476,247	25,274

Each category of income is reviewed in the following sections and a summary is provided in Schedule 1 at the back of this report.

2.1.1 Government Operating Grants

The $182,592,000 included in Schedule 1 is $10,848,000 (6.3%) above the original estimate, and $6,943,000 (4.0%) more than the previous year. A comparison to the estimate in the original budget is set out below:

	2017-2018 Actual $000	2017-2018 Budget $000	Increase (Decrease) $000
Items Affecting the Operating Result			
Basic/Core Operating Grant	134,026	132,127	1,899
International Student Recovery	(2,693)	(2,510)	(183)
Accessibility/Performance Funding	35,069	34,228	841
Research Overheads	5,156	5,118	38
Enrolment transition	4,451	-	4,451
Other government grants	361	260	101
Subtotal	176,370	169,223	7,147
Items offset by expenses			
Student Aid Funds	2,621	-	2,621
Municipal Tax Funding	1,606	1,576	30
Access for the Disabled	1,196	945	251
Aboriginal Education and Training	359	-	359
First Generation programs	208	-	208
Other Government Grants	232	-	232
Subtotal	6,222	2,521	3,701
Total Government Grants	182,592	171,744	10,848

Omitting special purpose grants, the operating revenue from the Ministry of Advanced Education and Skills Development was $7,147,000 above the original projection. The increase relates mostly to a one-time transition grant provided by the ministry to assist institutions in the realignment of grants to a corridor funding system. This realignment also resulted in additional performance and basic or core operating funds being received.

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

2.1.2 Tuition Fees – Credit Programs

Tuition income totalled $286,430,000 in 2017-2018. This represents an increase of $21,552,000 (8.1%) over the previous year, and is $12,228,000 (4.5%) above the original estimate. Details of the 8.1% increase over the previous year are as follows:

	Tuition Income ($000)		Increase/Decrease	
	2017-2018	2016-2017	$000	%
Undergraduate - Domestic	170,183	158,382	11,801	7.5%
Undergraduate - International	80,552	72,043	8,509	11.8%
	250,735	230,425	20,310	8.8%
Graduate - Domestic	22,455	21,724	731	3.4%
Graduate - International	13,240	12,729	511	4.0%
	35,695	34,453	1,242	3.6%
Total	286,430	264,878	21,552	8.1%

Tuition fees vary based on the discipline of study, as well as the immigration status of the student.

The 3.1% increase in enrolment from the previous year is detailed below:

	Enrolment (F.T.E.)		*Increase/Decrease*	
	2017-2018	*2016-2017*	*#*	*%*
Undergraduate - Domestic	20,885	20,298	587	2.9%
Undergraduate - International	3,047	2,878	169	5.9%
	23,932	23,176	756	3.3%
Graduate - Domestic	2,853	2,782	71	2.6%
Graduate - International	863	849	14	1.6%
	3,716	3,631	85	2.3%
Total	27,648	26,807	841	3.1%

As explained in section 2.2.1 below, a portion of the increase in tuition revenue that is attributable to enrolment growth is shared with the faculties via the Enrolment Linked Budget Allocation (ELBA). The total additional tuition revenue, as a result of positive enrolment changes, amounted to $9,000,000.

2.1.3 Miscellaneous Income

Miscellaneous income totalled $11,893,000 in 2017-2018, which is $1,694,000 over the original budget and $1,691,000 more than the previous year. Miscellaneous income consists of non-tuition administrative fees and charges to students, various recoveries from parties external to the university, as well as the ancillary enterprises and certain non-credit operations. Details are as follows:

	2017-2018 Actual $000	*2017-2018 Budget $000*	*Increase (Decrease) $000*
Items affecting the operating result			
Application and admission fees	2,742	2,130	612
Deferred payment and processing fees	2,630	2,458	172
Omnibus fee	1,100	1,055	45
Overhead charges	3,309	2,791	518
Facility rentals	788	776	12
Career Placement Services	278	270	8
Commission income	203	175	28
Library and other fines	67	50	17
Other miscellaneous	621	494	127
Subtotal	11,738	10,199	1,539
Items offset by additional expenditures			
Other income (insurance proceeds)	155	-	155
Subtotal	155	-	155
Total Miscellaneous Income	11,893	10,199	1,694

2.1.4 Investment Income

Investment income totalled $12,610,000 in 2017-2018, which was $4,360,000 above budget, and $15,564,000 less than the previous year. Since the Investment Committee decided to invest $100,000,000 in equity funds in 2016-2017, the returns have been very favourable overall, but are also subject to market risks as the investments are carried at fair value. As a result, any unrealized gain or loss at the end of the fiscal year must be included in our operating statement.

An unrealized loss of $5,546,000 was included in investment income as of April 30, 2018, but is offset by realized gains and other interest of $7,064,000. This compares to an unrealized gain of $12,769,000 that was recognized as of April 30, 2017.

To mitigate the risks associated with equity investments and associated impact on the university's operations, in March 2017 the Investment Committee approved the use of an Investment Income Equalization Fund. Earnings, realized or unrealized, in excess of the opening investment income budget are to be appropriated to this fund. Alternatively, in years where investment income is below the amount budgeted, the shortfall can be covered by this reserve. As such, the amount of $4,360,000 was appropriated as of April 30, 2018.

2.1.5 Departmental Income

The following items are included in departmental income:

	2017-2018 Actual $000	*2017-2018 Budget $000*	*Increase (Decrease) $000*
Items offset by additional expenditures			
Co-op and Career Services	2,238	2,205	33
Instructional Media Services and CUOL	1,332	1,172	160
Information Technology Services (ITS)	320	332	(12)
Centre for Initiatives in Education	974	823	151
Salary recoveries	647	604	43
Science and Technology Centre	20	47	(27)
Student Experience Office	643	667	(24)
Paul Menton Centre	158	144	14
Alumni and external contributions	5,429	5,269	160
General sales	453	325	128
Other	710	264	446
Total Department Income	12,924	11,852	1,072

Departmental income relates to sales and rentals that are under the jurisdiction of the 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.

2.2 Operating Expenditures, Transfers, and Appropriations

Operating fund expenditures and transfers, before appropriations, totalled $523,020,000 in 2017-2018. This represents a $46,773,000 (9.8%) increase from the original expense budget of $476,247,000 and a $113,304,000 (27.7%) increase from the previous year's total of $409,716,000. Total appropriations from the operating fund balance at the end of 2017-2018 amounted to $161,946,000. This represents a net decrease of $16,571,000 in the appropriated fund balance returned from the previous year. Total operating expenses, transfers and appropriations were therefore $30,202,000 ($46,773,000 increase in expenses less $16,571,000 decrease in appropriations) in excess of budget. The categories of changes are examined on the following pages.

2.2.1 Operating Expenditures and Transfers

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

	$000
Actual operating expenditures and transfers	523,020
Opening budget	476,247
Expenditures above budget	46,773

The items included in the $46,773,000 increase in expenditures and transfers were:

	$000	*$000*
a) Salary Increases		
2017-2018 cost	7,784	
Less: Contingency in opening budget	10,270	
Additional cost/(savings)		(2,486)
b) Mid-Year Allocations		
Total allocations	3,669	
Less: Opening contingency	2,239	
Additional cost/(savings)		1,430
c) Enrolment Incentive		
2017-2018 cost	18,454	
Less: Opening contingency	11,306	
Additional cost/(savings)		7,148
d) Other Contingencies		
2017-2018 cost	48,956	
Less: Opening contingency	49,279	
Net		(323)
Total additional contingency costs		5,769

Overspent (unspent) balances not appropriated:	*$000*	*$000*
e) Utilities	(4,403)	
f) Student support	365	
g) Interfund transfers	98	
Other minor balances	(190)	
Subtotal		(4,130)
Expenditures funded by additional income:		
Government grant (section 2.1.1)	3,701	
Tuition income (section 2.1.2)	-	
Miscellaneous fees & income (section 2.1.3)	155	
Departmental income (section 2.1.5)	1,072	
		4,928
Expenditures funded by returned appropriations	178,517	
Total appropriations in 2017-2018	161,946	
Net appropriations (section 2.2.2)	16,571	
Add: New appropriations (section 2.2.2)	23,635	
		40,206
Total expenditures and transfers above budget		46,773

Notes:

a) Salary Increases: The cost of compensation increases in 2017-2018 totalled $7,784,000 against a contingency of $10,270,000 in the opening budget. This represents a savings of $2,486,000 as compared to budget, much of which is due to the month long labour disruption.

b) Mid-Year Allocations: Allocations from the mid-year contingency fund totalled $1,669,000 in 2017-2018 as compared to a budget of $3,669,000. An analysis of the allocations follows:

Allocations from the Mid-Year Contingency Fund:

	$000
Health Science building – fit-up costs	1,900
Life Sciences Research building, animal care – temporary relocation	860
Work Study program expansion	390
Presidential search	250
Sexual Violence policy implementation	150
Compensation project	87
Ethics, privacy position top-ups	32
Total allocations	3,669
Opening contingency	(2,239)
Additional costs	1,430

The Mid-Year Contingency Fund is managed by the Financial Planning Group chaired by the President.

c) Enrolment Incentive Plan: The Enrolment-Linked Budget Allocation (ELBA) was initiated in 2010-2011 whereby Faculties would receive 40% of the net revenue from enrolment growth in their areas. The plan continues to be very successful, as indicated by our grant and tuition revenue growth, and allocations to the faculties exceeded budget by $7,148,000.

d) Other Contingencies: The original budget of $49,279,000 for 2017-2018 included the following:

	$000
Pension deficit	35,000
Capital projects	8,000
Student bursary endowment	5,000
Pending positions and allocations	1,279
Total	49,279

During the year, the full $8,000,000 capital contingency was contributed toward the new business building while the $5,000,000 for student bursaries was endowed to provide additional bursaries in perpetuity. A total of $34,600,000 of the pension contingency was applied to the special pension deficit payment and the reserve for future payments. The balance of allocations relate mostly to international recruitment agent fees.

e) Utilities: Savings continue to be achieved as the budget remains conservatively set, pending the full implementation of the Co-generation plant. As the university provides residences for its student, it has also benefited from a residential hydro rebate.

f) Student support: Student support costs exceeded budget by $365,000 as the amount of the ministry mandated tuition set-aside requirement increased due to enrolment increases.

g) Interfund Transfers: The net transfer cost was less than the budget by $98,000. This is due mostly to contract overhead recoveries into the Operating Fund from the Research Fund, as they exceeded the original budget by $121,000. As a general rule, the university charges overheads on research contracts and international contribution agreements. The distribution of the indirect costs recovery is generally 40% to the central operation budget, 15% to the Vice-President (Research and International) and 45% to the faculty performing the contractual work. If the total overheads exceed $1.3 million, the operating budget and the Vice-President (Research and International) share the 55% equally. The distribution of overheads for 2017-2018 and 2016-2017 are as follows:

	2017-2018	*2016-2017*
	$000	*$000*
General operating budget and contingency	533	564
Vice President (Research and International)	174	184
Faculties		
Engineering and Design	248	172
Arts and Social Sciences	95	178
Science	89	98
Public Affairs	84	112
Business	12	-
Total	1,235	1,308

2.2.2 Appropriations

Appropriations represent commitments that are recognized as charges against the operating results in the current year, although expenditure has not 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 calculated as follows:

	$000
Appropriated to fund balance 2017-2018	161,946
Returned from 2016-2017 fund balance	178,517
Decrease in appropriated fund balance	(16,571)

Details of the returned and new appropriations are as follows:

	Returned *$000*	*Appropriated* *$000*	*Difference* *$000*
RPC			
Faculties	54,738	63,702	8,964
Academic Administration	1,580	952	(628)
Students and Enrolment	582	2,545	1,963
Library	541	1,236	695
President	1,248	1,172	(76)
Research and International	1,703	2,935	1,232
Finance and Administration	6,927	7,048	121
Computing infrastructure	1,535	1,366	(169)
Renovations	22,250	14,210	(8,040)
Advancement	12,720	16,333	3,613
Student Support	914	1,482	568
Pending commitments	420	273	(147)
Self-insurance fund	90	57	(33)
Capital reserves	45,269	-	(45,269)
Pension liability reserve	-	25,000	25,000
Endowed student aid matching funds	10,000	-	(10,000)
Endowed academic chair matching funds	8,200	-	(8,200)
Strategic Initiatives fund	9,800	-	(9,800)
Subtotal	178,517	138,311	(40,206)
New allocations	-	23,635	23,635
Total	178,517	161,946	(16,571)

New allocations represent appropriations of unspent funds over and above those included in the original budget. For 2017-2018, new allocations total $23,635,000 as detailed below:

	$000
Capital reserves	16,134
Endowed student aid matching funds	3,141
Investment income equalization fund (see section 2.1.4)	4,360
	23,635

In addition, $207,257,000 in prior year appropriated funds were not returned during 2017-2018, as the planned expenditures will occur in future fiscal years.

The $207,257,000 relates to:

	$000
Pension liability reserve	103,941
Capital reserves	75,846
Investment income equalization fund	20,994
Strategic Initiatives fund	3,158
Endowed chair matching funds	1,800
Future program commitment	1,255
Self-insurance fund	263
Total appropriations not returned	207,257

The most immediate commitments against the Capital reserve will be $45,600,000 for the Nicol business building, $8,200,000 for the Health Sciences building, $4,796,000 for the Co-generation plant, and approximately $5,900,000 for the ARISE project.

Total appropriations for the Operating Fund amount to $369,203,000 as of April 30, 2018.

2.2.3 Operating Result

As noted in section 1 above, the actual results show a balanced result with revenues equal to expenditures and appropriations.

In the notes above, 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 additional expense. In the analysis below, these offsetting items are excluded. The items shown are the major ones that resulted in the balanced operating result, along with the amounts projected and presented to the Board earlier in the year.

	Changes in Accumulated Surplus vs Projection		
	Actual Incr/Decr $000	*Projected Incr/Decr $000*	*Variance $000*
Income Variations			
Government grants (section 2.1.1)	7,147	(133)	7,280
Tuition fees (section 2.1.2)	12,228	12,348	(120)
Miscellaneous income (section 2.1.3)	1,539	614	925
Investment income (section 2.1.4)	4,360	1,944	2,416
Departmental income (section 2.1.5)	-	37	(37)
Total income variations	25,274	14,810	10,464
Expenditure Variations			
Expenditures in excess of contingencies (sec 2.2.1)	(5,769)	(7,950)	2,181
Expenditures less than allocations (sec 2.2.1)	4,130	3,225	905
Total expenditure variations	(1,639)	(4,725)	3,086
Change in results	23,635	10,085	13,550
New appropriations (section 2.2.2)	(23,635)	(10,085)	(13,550)
Net change in results	-	-	-
Original surplus included in budget	-	-	-
Total change in accumulated surplus	-	-	-

2.2.4 Accumulated Surplus

The prior year accumulated operating surplus was $498,000 and therefore the current year's results left that unchanged as of April 30, 2018.

2.3 Ancillary Operations - Operating Results and Fund

Schedule 2, at the end of this Report, details the 2017-2018 operations of the ancillaries as compared to the original budget. Overall the ancillary results can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Income and internal recoveries	69,633	67,609	70,805
Expenses and transfers	40,382	43,211	41,004
Surplus from operating activity	29,251	24,398	29,801
Renovations and capital debt	21,502	21,995	24,977
Surplus for the year	7,749	2,403	4,824

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

	Balance at April 2018 $000	*Balance at April 2017 $000*	*Variance $000*
Accumulated Surplus	32,630	24,881	7,749

Each operation is reviewed in the following sections. Ancillaries are expected to break even over time after covering both direct and indirect expenses. The contribution to indirect expenses highlighted in the analysis below represents contributions to general university overheads, as well the central office of University Services (for those entities under the jurisdiction of this office).

2.3.1 Recreation and Athletics

The 2017-2018 results and status of the Recreation and Athletics operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
Athletic fees	5,575	5,358	5,349
Other income	8,312	7,737	7,823
Internal revenue	1,375	1,224	1,278
	15,262	14,319	14,450
Operating expenses and transfers			
Direct expenses and transfers	11,367	12,275	11,196
Surplus from operating activity	3,895	2,044	3,254

Renovations and capital debt			
Renovations and alterations	1,309	2,465	1,678
Debt repayments	946	764	946
	2,255	3,229	2,624
Surplus for the year	1,640	(1,185)	630
Opening fund balance	8,233	8,233	7,603
Closing fund balance	9,873	7,048	8,233

The Recreation and Athletics operations finished the year with a surplus of $1,640,000. This surplus can be attributed to lower than anticipated expenses for renovation and alteration as the locker room HVAC and Pool Restoration projects were deferred. The accumulated surplus of $9,873,000 will continue to be used to address the significant deferred maintenance issues.

2.3.2 Bookstore

The 2017-2018 results and status of the Bookstore operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
Commissions and reimbursements	696	695	717
Operating expenses			
Direct expenses	479	469	446
Indirect expense contribution	61	61	61
	540	530	507
Surplus from operating activity	156	165	210
Renovations and capital debt			
Capital debt	-	-	128
Surplus (deficit) for the year	156	165	82
Opening fund balance	111	111	29
Closing fund balance	267	276	111

The Bookstore operations finished the year with a surplus of $156,000, and now has an accumulated surplus of $267,000. The slight increase in direct expenses is due to additional marketing costs aimed at strengthening other sales, including digital and rental text, as new textbook sales continue to decline.

2.3.3 Health and Counselling Services

The 2017-2018 results and status of the Health and Counselling Services operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
Health Services Student Fee	1,990	1,918	1,821
Insurance recoveries, other	1,502	1,700	1,552
	3,492	3,618	3,373
Expenses and Transfers			
Direct expenses	3,333	3,484	3,291
Indirect expense contribution	29	34	30
	3,362	3,518	3,321
Surplus for the year	130	100	52
Opening fund balance	613	613	561
Closing fund balance	743	713	613

The Health and Counselling Services operation finished the year with a surplus of $130,000 and now has an accumulated surplus of $743,000. The accumulated surplus will be used for renovations in summer 2018 and required upgrades to clinic space and equipment.

2.3.4 Housing and Residence Life, Conference Services and Dining

The 2017-2018 results for the Housing and Residence Life, Conference Services and Dining Services operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
Residence fees	21,688	21,664	21,231
Conference operations	3,551	2,745	2,745
Commission income	7,247	6,931	6,885
Other income	1,591	1,551	2,660
	34,077	32,891	33,521
Expenses and transfers			
Direct expenses	15,266	16,558	15,603
Indirect expense contribution	253	247	249
Contribution to Ancillary Capital Fund	1,130	1,290	1,130
	16,649	18,095	16,982
Surplus from operating activity	17,428	14,796	16,539

Renovations and capital debt			
Renovations and alterations	5,459	6,000	3,926
Debt repayments	10,191	8,381	12,318
	15,650	14,381	16,244
Surplus (deficit) for the year	1,778	415	295
Opening fund balance	7,923	7,923	7,628
Closing fund balance	9,701	8,338	7,923

The Housing and Residence Life, Conference Services and Dining Services operations finished the year with a surplus of $1,778,000. This surplus was higher than expected due to increased conference revenue as a result of the Canada 150 celebrations and Carleton's 75 anniversary events. The service now has an accumulated surplus of $9,701,000, which will continue to be earmarked for outstanding deferred maintenance, future renovations and capital debt repayments.

2.3.5 Parking Services

The 2017-2018 results and status of the Parking Services operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
Parking charges	5,068	5,114	4,920
Other income	290	435	380
	5,358	5,549	5,300
Expenses and transfers			
Direct operating	2,150	2,300	2,177
Indirect expense contribution	66	81	76
	2,216	2,381	2,253
Surplus from operating activity	3,142	3,168	3,047
Renovations and capital debt			
Renovations and alterations	1,013	995	1,370
Debt repayments	1,236	1,236	1,235
	2,249	2,231	2,605
Surplus for the year	893	937	442
Opening fund balance	1,951	1,951	1,509
Closing fund balance	2,844	2,888	1,951

The Parking Services operation finished 2017-2018 with a surplus from regular operations of $893,000. The service now has an accumulated surplus of $2,844,000 which will be used for outstanding deferred maintenance and capital debt repayments.

2.3.6 University Centre

The 2017-2018 results and status of the University Centre operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
Rental revenue	652	656	625
Internal recoveries	1,089	1,089	1,019
	1,741	1,745	1,644
Expenses and transfers			
Direct operating expenses	1,145	1,245	1,173
Surplus from operating activity	596	500	471
Renovations and capital debt			
Renovations and alterations	-	500	71
Surplus for the year	596	-	400
Opening fund balance	1,895	1,895	1,495
Closing fund balance	2,491	1,895	1,895

The University Centre operation is run on a cost recovery basis over time. During the current year, a surplus of $596,000 was generated, which will be appropriated for future renovations which are anticipated to start with the roof in spring 2019.

2.3.7 The Print Shop

The 2017-2018 results and status of The Print Shop operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
External sales	569	514	551
Internal sales	2,190	2,228	2,455
Other income	282	148	198
	3,041	2,890	3,204
Less: Cost of goods sold	446	460	496
Gross profit	2,595	2,430	2,708
Expenses and Transfers			
Direct operating	2,002	2,029	2,029
Indirect expense contribution	61	45	40
Contribution to Ancillary Capital Fund	94	91	92
	2,157	2,165	2,161
Surplus from operating activity	438	265	547

Renovations and capital debt			
Debt repayments	-	-	-
Surplus (deficit) for the year	438	265	547
Opening fund balance	1,004	1,004	457
Closing fund balance	1,442	1,269	1,004

The Print Shop operations finished the year with a surplus of $438,000. The service now has an accumulated surplus of $1,442,000.

2.3.8 Ancillary Property Rentals

The 2017-2018 results and status for the Ancillary Property Rental operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
External rental revenue	1,991	2,536	1,934
Internal rent and occupancy cost recovery	1,773	1,114	1,746
Interest and sundry income	23	32	39
	3,787	3,682	3,719
Expenses and Transfers			
Occupancy costs and operating expenses	1,701	1,772	1,822
Surplus from operating activity	2,086	1,910	1,897
Renovations and capital debt			
Renovations and alterations	9	200	256
Debt repayments	1,339	1,454	1,399
	1,348	1,654	1,655
Surplus for the year	738	256	242
Opening fund balance	821	821	579
Closing fund balance	1,559	1,077	821

The Ancillary Property Rentals include the Carleton Technology and Training Centre (CTTC) and the National Wildlife Research Centre (NWRC). The Ancillary Property Rentals finished the year with a $738,000 surplus, and an accumulated surplus of $1,559,000.

2.3.9 Ancillary Capital Fund

The 2017-2018 results and status for the Ancillary Capital Fund operations can be summarized as follows:

	2017-18 Actual $000	*2017-18 Budget $000*	*2016-17 Actual $000*
Revenue			
External contributions	744	673	2,549
Internal contributions	1,435	1,547	2,328
	2,179	2,220	4,877
Expenses and Transfers			
Debt repayments	-	-	1,285
Capital projects	-	-	365
Transfers	717	770	695
Other expenses	82	-	398
	799	770	2,743
Surplus (deficit)	1,380	1,450	2,134
Opening fund balance	2,330	2,330	196
Closing fund balance	3,710	3,780	2,330

The Ancillary Capital Fund has been established to support future capital projects that may be required for ancillary units. In addition, the Ancillary Capital Fund also provides ongoing support to Athletics and Football for internally financed loan repayments, scholarships and general operations.

The Ancillary Capital Fund now has an accumulated surplus of $3,710,000.

2.4 Other Income and Expenditures

As explained in section 2 above, the 2017-2018 audited financial statements include, in one column, all the activity of the university which used to be segregated into funds. The following sections extract the more significant non-operating activities from the Consolidated Statement of Operations for analysis.

2.4.1 Capital Investments, Plant Income and Expenses

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

Since 2008, to accommodate enrolment growth, the university has invested over $386 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 2016, the Board approved $140 million be spent on deferred maintenance over a 10-year period. To date, $36 million has been spent on building modernization projects, including $20.6 million in 2017-18, for the following buildings: MacOdrum Library ($6.2 million), Steacie ($4.9 million), Mackenzie ($4.5 million), Herzberg ($4.0 million), CTTC ($3.9 million), Loeb ($3.7 million) and Dunton Tower ($2.0 million). These projects included improvements to the indoor environment and energy conservation, resulting in considerable savings in utility costs and carbon emission reductions.

The Plant income and expenses included here represent those for 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 activity for 2017-2018:

	2017-2018 Actual $000	*2016-2017 Actual $000*	*Increase (Decrease) $000*
Income and Transfers			
Government grants, other income	495	1,450	(955)
Transfers to/from operating & ancillary	2,255	(1,560)	3,815
Net income	2,750	(110)	2,860
Expenses			
Additions	3,568	4,492	(924)
Surplus (deficit)	(818)	(4,602)	3,784
Opening fund balance	(682)	3,920	(4,602)
Closing fund balance	(1,500)	(682)	(818)

The accumulated deficit of $1,500,000 represents expenditures incurred in advance of funding for non-capital projects, mostly related to energy retrofits.

2.4.2 Research Funding and Expenditures

The following 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 does not have external restrictions placed on it and is recognized as revenue when received. Unspent funds at yearend are shown as internally restricted balances on the financial statements.

	Balance April 30, 2017 $000	*2017-2018 Funding $000*	*2017-2018 Expenditure $000*	*Balance April 30, 2018 $000*
Canadian Government Departments and Agencies				
National Defence	134	50	129	55
Natural Resources Canada	127	1,968	1,918	177
Environment and Climate Change Canada	(2)	339	343	(6)
HRDC	-	34	20	14
Indigenous and Northern Affairs	66	296	285	77
ISED	25	69	67	27
IDRC	353	16	369	-
Health Canada	17	141	92	66
NRC	63	163	118	108
Other Federal	61	1,017	874	204
Tri-Agency Sponsored Research				
CIHR	1,040	834	500	1,374
NSERC	7,645	15,810	15,613	7,842
SSHRC	5,235	7,390	7,395	5,230
Canada Research Chairs	(182)	2,400	2,401	(183)
Research Support Fund	-	4,561	4,561	-
Other Sponsored Research				
COE	312	1,275	1,207	380
Provincial, Municipal Governments	760	5,059	4,894	925
CFI	54	9,382	9,371	65
Ontario Research Fund	1,560	1,749	- 3,725	7,034
Ontario ERAP	135	121	185	71
Businesses and Foundations	4,981	8,176	7,035	6,122
Foreign Governments	151	423	220	354
Research Partnership Agreements	995	2,068	1,548	1,515
SNO and TRIUMF	-	8,523	8,523	-
Total Sponsored Research	23,530	71,864	63,943	31,451

Funding Source – continued	*Balance April 30, 2017*	*2017-2018 Funding*	*2017-2018 Expenditure*	*Balance April 30, 2018*
	-			-
Internally Restricted Research	26,605	20,149	7,383	39,371
Total Research	50,135	92,013	71,326	70,822

Notes: Key to acronyms

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

Sponsored research funding received increased by $15,392,000 (27%) from $56,472,000 in 2016-2017 to $71,864,000 in 2017-2018, and related expenditures on these projects increased by $4,808,000 from $59,135,000 to $63,943,000. The sponsored research fund balance increased by $7,921,000 from $23,530,000 to $31,451,000 as at April 30, 2018, and this balance is included in deferred revenue.

Internally restricted research funding increased by $12,720,000 from $7,429,000 in 2016-2017 to $20,149,000 in 2017-2018, while expenditures from these funds increased from $5,208,000 to $7,383,000. As a result, the internally funded research balance increased from $26,605,000 to $39,371,000.

2.5 Reconciliation of Operating Results

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

		$000
Operating result per Consolidated Statement of Operations		89,357
Adjustments:	a) Net change in investment in capital assets	(61,555)
	b) Decrease in operating appropriations (2.2.2)	16,571
	c) Research surplus (internally restricted) increase (2.4.2)	(12,766)
	d) Enterprise surplus (internally restricted) increase	(282)
	e) Scholarship surplus (internally restricted) decrease	12
	f) Professional Development increase	(132)
	g) Increase in unrestricted endowment	(5,006)
	h) Employee future benefit expense net of cash payment	(3,912)
	i) Internal contributions to restricted endowments	(15,356)
	j) Ancillary surplus (section 2.3)	(7,749)
	k) Plant deficit (section 2.4.1)	818
	Operating budget result	-

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 generally accepted accounting principles (GAAP), the receipts and costs must 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 2017-2018 the following entries were made:

	$000
Current year capital assets expenditures removed from expenses	(61,295)
Addback donated artwork	116
Current year funding received for capital assets removed from revenues	25,520
Current year change in capital asset financing removed from expenses	(46,093)
	(81,752)
Addback calculated amounts:	
Amortization of capital asset expense	32,576
Amortization of capital asset funding	(12,379)
Difference	(61,555)

The $61,555,000 difference represents the excess of net cash outlays (i.e. actual cash expenditures less the actual cash received) over the calculated amounts reflected in the

Consolidated Statement of Operations. It is shown as a reduction in Unrestricted Net Assets and an increase in Investment in Capital Assets.

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

c) Research funds: As shown in section 2.4.2 above, internally restricted research balances increased by $12,766,000 during 2017-2018. As these funds are earmarked for the continuation of the research activity being funded, this $12,766,000 ($39,371,000 - $26,605,000) is shown as an increase to the internally restricted amounts on the Consolidated Statement of Changes in Net Assets.

d) Enterprise funds: As shown on the Consolidated Statement of Changes in Net Assets, enterprise balances have increased by $282,000 ($4,384,000 - $4,102,000) during 2017-2018. As these funds are earmarked for continuation of the specific project, 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 decreased by $12,000 during 2017-2018. 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 gain in the unrestricted fund, thus increasing the surplus. However, as this amount does not actually impact the amount available for spending in the current year, it does not affect the operating result 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 2017-2018 the following entries were made:

	$000
Employee future benefits, non-pension	12,381
Employee future pension benefits	14,024
Less: 2017-2018 contributions removed from expenditure	(30,317)
Difference	(3,912)

i) Internally endowed amounts: Unrestricted contributions are recognized as revenue in the period in which they are received. When they are subsequently reallocated to the endowment fund, the transfer is shown on the Statement of Changes in Net Assets as a reduction in unrestricted net assets.

j) Ancillary surplus: As presented in section 2.3, the ancillary operations resulted in a surplus of $7,749,000 in 2017-2018.

k) Plant deficit: As presented in section 2.4.1, the plant fund for non-capital and renovation projects resulted in a deficit of $818,000 in 2017-2018.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Some items in the Consolidated Statement of Financial Position do not require further analysis or explanation. The notes that follow provide detail, or highlight situations where it is thought necessary or useful.

3.1 Source and Application of University Resources

The source and application of university resources at April 30, 2018 were as follows:

	2018 Actual $000	*2017 Actual $000*	*Increase (Decrease) $000*
Sources			
Short-term liabilities:			
Accounts payable	50,790	43,396	7,394
Deferred revenue	102,533	68,663	33,870
Accrued leave	11,939	11,638	301
Current portion of long-term debt	3,798	3,584	214
Long-term liabilities:			
Employee future benefits	106,539	136,585	(30,046)
Long-term debt	67,352	71,150	(3,798)
Net assets:			
General operating fund	498	498	-
Ancillary and plant funds	194	1,030	(836)
Endowment fund	269,386	261,744	7,642
Internally restricted funds	447,592	443,228	4,364
	717,670	706,500	11,170
Total – Sources	1,060,621	1,041,516	19,105

	2018 Actual $000	2017 Actual $000	Increase (Decrease) $000
Applications			
Short-term assets:			
Cash, equivalents and marketable securities	552,539	482,925	69,614
Accounts receivable	32,969	27,252	5,717
Prepaid expenses	19,826	4,302	15,524
Current portion of net investment in lease	768	719	49
Long-term assets:			
Net investment in lease	8,372	9,140	(768)
Investments	269,751	264,643	5,108
Capital assets:	644,850	616,131	28,719
Less: Investment in capital assets	(378,937)	(317,266)	(61,671)
Deferred capital contributions	(196,056)	(182,915)	(13,141)
Net assets:			
Provision for employee future benefits	106,539	136,585	(30,046)
Total - Applications	1,060,621	1,041,516	19,105

3.2 Source of University Resources

3.2.1 Accounts Payable: $50,790,000

The accounts payable as at April 30, 2018 comprised:

	2018 $000	2017 $000	Increase (Decrease) $000
Due to suppliers	5,904	9,048	(3,144)
Construction accruals and holdbacks	12,905	10,389	2,516
Payroll related amounts	18,373	13,390	4,983
Amounts held on deposit	4,110	2,655	1,455
Other taxes payable	606	606	-
Other payables and accrued liabilities	8,892	7,308	1,584
Total	50,790	43,396	7,394

Collectively, amounts due to suppliers and construction related payables at April 30, 2018 are consistent with the prior year and vary only due to timing differences depending on whether the payable was submitted for processing (due to supplier) or had to be manually accrued. The increase in payroll related payables is for recent union contract settlements relating to the fiscal year yet paid subsequently.

3.2.2 Deferred Revenue: $102,533,000

Deferred revenue as at April 30, 2018 comprised:

	2018 $000	2017 $000	Increase (Decrease) $000
a) Government grants	10,513	4,699	5,814
b) Research	31,451	23,530	7,921
c) Scholarships	4,093	4,091	2
d) Parker loans	1,035	1,035	-
e) Special purpose	13,310	11,750	1,560
f) Donated software	16,223	626	15,597
g) Summer student fees	12,693	12,045	648
h) Other items	13,215	10,887	2,328
Total	102,533	68,663	33,870

Notes:

a) Of the $10,513,000 in deferred grant revenue, $1,216,000 relates to 2018-2019 performance funding received in April 2018, $1,065,000 relates to restricted student support grants and $2,761,000 relates capital grants from the Strategic Investment and Graduate Capital Expansion funds. A further $5,000,000 relates to capital support received from the ministry for the pending purchase of the Dominion Chalmers Church.

b) Research funds are the unexpended restricted grants and contracts to be spent in the future. The detailed composition of the balance is shown in section 2.4.2.

c) Represents restricted scholarship accounts.

d) Represents funds available to loan to students in need of financial aid.

e) Special purpose is the unexpended portion of restricted donor gifts and other income.

f) During the year, the Earth Sciences department received a significant gift-in-kind of software licences for the period of September 2017 to August 2020. The value of $16,223,000 represents the remaining balance of the restricted donation to be recognized in future years.

g) Summer student fees represent payments received prior to April 30th for courses held in the summer term.

h) Other deferred revenue relates mainly to advance payments received for projects earmarked for future years, summer programs in the Recreation and Athletics operation and Housing and Conference Services operation, and a capital replacement fund held for the NWRC building.

3.2.3 Current Portion of Long-Term Debt: $3,798,000

The current portion of long-term debt is defined as the amount coming due within the next fiscal year. This totalled $3,798,000 as at April 30, 2018, an increase of $214,000 over last year.

3.2.4 Accrued Leave: $11,939,000

The $11,939,000 compares to $11,638,000 one year earlier for an increase of $301,000. Canadian generally accepted accounting principles (GAAP) require that accumulated but unpaid leave

(annual and administrative) must be recognized as an expense and an amount payable at each year end. Consistent with other Ontario universities, the university has fully funded this accrued benefit, however the university's resource management policies are such that any payment of accrued vacation will be charged against existing departmental resources in the year the event occurs.

3.2.5 Employee Future Benefits Liability: $106,539,000

During 2001, the university adopted the recommendations of the CICA Handbook Section 3461, Employee Future Benefits, which has now been replaced by the Charted Professional Accountants of Canada Handbook Section 3462/3463. Under these recommendations, the university accrues its obligations under employee benefits plans as the employees render the services necessary to earn post-retirement and post-employment benefits. Prior to the adoption of these recommendations, the non-pension costs were recognized on a "pay as you go" basis. While this represents a large, unfunded obligation, the ongoing cash demands of these benefits remain unchanged. As such, the deficit created by this accounting policy change does not have a significant impact on the operations of the university. Refer to note 11 of the audited financial statements at the beginning of this report for further information.

With respect to pension benefits, the university must recognize the defined benefit liability or asset in its statement of financial position. This amount is the defined benefit obligation less the fair value of the assets. With the adoption of the new Handbook section 3462/3463, deferral and amortization of actuarial gains and losses is no longer permitted for any future benefit obligation, which can lead to large swings in the liability or asset amount each year. Additional details are provided in note 11 of the audited financial statements. This note shows that, on an accounting basis, the pension plan is in a surplus position of $25,574,000. It also states that on an actuarially determined basis, a going-concern shortfall of $80,101,000 and a solvency shortfall of $223,736,000 existed as at July 2016. As this actuarial determination relates more closely to actual and potential fund flows, the university uses this as its guide. Given these deficits, which could continue to grow, the university has reserved funds in an attempt to deal with the potential shortfalls (see section 2.2.2).

In 2017-2018, the non-pension employee future benefit obligation increased by $4,143,000, while the pension liability decreased by $34,189,000. For the non-pension benefits, the growing, unfunded obligation is mainly due to increasing plan membership. Meanwhile, the decrease in pension liability relates to actuarial gains on the obligation and higher employer contributions.

3.2.6 Long-Term Debt: $67,352,000

The loans and mortgages payable are described in some detail in note 9 of the audited financial statements at the beginning of this report.

3.2.7 Net Assets, providing a source of resources: $717,670,000

The net assets that constitute a source of resources are:

	2018 $000	2017 $000	Increase (Decrease) $000
Operating fund	498	498	-
Ancillary and plant funds	194	1,030	(836)
Internally restricted funds	447,592	443,228	4,364
Endowment fund	269,386	261,744	7,642
Total	717,670	706,500	11,170

Notes:

a) The internally restricted net assets as at April 30, 2018, consist of the following:

	$000
Appropriated operating funds (section 2.2.2)	369,203
Appropriated ancillary funds (section 2.3)	32,517
Internally restricted research balances (section 2.4.2)	39,371
Enterprise funds	4,384
Scholarship funds	12
Professional Development	2,105
	447,592

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

	$000
Market Value at April 30, 2018	269,386
Market Value at April 30, 2017	261,744
	7,642

The $7,642,000 increase is calculated as follows:

	$000
Unrealized gain (loss) on investment	(10,192)
Gifts, bequests and other additions (per below)	27,422
Gain (loss) on sale of investments	8,332
Investment income	7,571
	33,133
Less: Distributed for endowed spending	(9,800)
Divestment per donor for Nicol Building	(11,946)
Direct and indirect operating costs	(2,563)
Investment management fees	(1,182)
Change in nominal value	7,642

The additions, by endowment fund, are composed of the following:

	$000
Carleton University transfers and matching contributions	20,356
The Clayton H. Riddell Political Management Endowment Fund	1,900
Maatje Nix Memorial Graduate Entrance Scholarship	463
KCT Bursary	400
President's Endowment Fund (Singhal Family Foundation)	335
Jaskula-Dondlinger Sports Analytics Internship	300
Helmut Kallmann Chair in Canadian Music	227
CU Engineering Students Equipment Fund	210
Dr. Paul Mandl Bursary	160
Borealis Foundation Endowment	115
Shannon History Scholarship Fund	112
Shannon History Fund	112
Yves and Cynthia Bled Future Achiever Scholarship	101
Paul Kitchen Memorial Scholarship	100
Other additions (<$100,000)	2,531
Total additions	27,422

The realized investment returns for the year, including gains on sale and direct investment income, totalled $15,903,000. The amount distributed for endowed spending in 2017-2018 was $21,746,000, including a donor directed full distribution of $11,946,000 to be used for construction of the Nicol building. Excluding the Nicol distribution, this represents a distribution of $3.685 per unit held in the investment pool. In addition, $1,182,000 was paid to investment managers during the year and $2,563,000 in direct and indirect expenditures were charged to the fund in 2017-2018.

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: $552,539,000

The cash and short term investment balance is as follows:

	2018 *$000*	*2017* *$000*	*Increase (Decrease)* *$000*
Cash balance	(3,553)	1,178	(4,731)
Cash equivalent investments	456,377	359,968	96,409
Marketable securities	99,715	121,779	(22,064)
Total	552,539	482,925	69,614

During 2015-2016, the Investment Committee decided to invest a portion of the university's cash balances in marketable securities, with a view to increasing longer-term average returns on investment. Using history as a guide, it was decided that $100,000,000 would be invested, as this amount would not be called upon to meet immediate liquidity needs. During the year, the market value of the securities reached $126,500,000 and therefore, $26,500,000 was transferred to cash equivalent investments. The current market value of the remaining marketable securities is $99,715,000 (2017 - $121,779,000).

3.3.2 Accounts Receivable: $32,969,000

	2018 *$000*	*2017* *$000*	*Increase (Decrease)* *$000*
a) Student accounts	11,251	11,594	(343)
b) Student associations	242	247	(5)
c) General accounts receivable	5,811	7,870	(2,059)
d) Staff computer loans	90	92	(2)
e) HST/GST receivable	1,323	1,504	(181)
f) Bookstore	32	34	(2)
g) Union groups	81	130	(49)
h) Research funds	8,178	4,798	3,380
i) Student loans	1	7	(6)
j) Food service provider	1,729	671	1,058
k) Deposit pending sale	5,000	-	5,000
Other receivables	569	1,584	(1,015)
Sub-total	34,307	28,531	5,776
l) Less: Allowance for doubtful accounts	(1,338)	(1,279)	(59)
Total	32,969	27,252	5,717

Notes:

a) Student accounts: These accounts record activity relating to tuition fees, residence fees and other miscellaneous charges. The $11,251,000 represents 3.65% (2017 – 4.05%) of the 2017-2018 tuition and residence fee assessments.

b) Student associations: The various student groups use university services on a recovery basis.

c) General accounts receivable: These amounts relate to services rendered by certain departments to external clients or to monies owed at year end for expenditures. The current year balance is more consistent with years prior to 2017. As noted last year, there was a large receivable from the Ontario Universities' Application Centre (OUAC) for fees normally received in April of each year. The receivables are generally current, and no specific problems exist.

d) Staff computer loans: During 1996-1997, the university introduced a program whereby staff could acquire computers from the Computer Store on a credit basis. The loans bear interest and are recovered through payroll deduction.

e) HST/GST receivable: The balance typically represents the amount due from the government for the April HST/GST return.

f) Bookstore: The 2017-2018 amount receivable is due from Follett Books and represents commission income related to 2017-2018 operations.

g) Union groups: The various union groups use the university services on a recovery basis. The accounts are generally kept up to date.

h) Research funds: The receivables related to research funds consist of two different types of balances: contract research and grants receivable. The nature of contractual research is such that expenditures must be incurred before progress billings can be made and income received. Most granting agencies make multi-year research awards with payment being spread over the 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 activity as a whole is in a net cash surplus position, the university allows reasonable advanced spending on multi-year research grants.

i) Student loans: Student loans outstanding are issued under the Parker Loan fund which funds the interest and guarantees the principal of the loans.

j) Food services provider: The 2017-2018 amount receivable from Aramark represents commission and profit share income related to the 2017-2018 operations.

k) Deposit pending sale: In March 2018, the university receive $5,000,000 from the Ministry of Advanced Education and Skills Development for the pending purchase of the Dominion Chalmers Church. These funds were forwarded to the trustee in charge of the sale, as a deposit. As the sale did not close until June 25, 2018, the balance is shown as a receivable as of April 30, 2018.

l) Allowance for doubtful accounts: The allowance includes $1,200,000 for student fees, while the balance is for other overdue items.

3.3.3 Prepaid Expenses: $19,826,000

Prepaid Expenses as at April 30, 2018 comprised:

	2018 $000	*2017 $000*	*Increase (Decrease) $000*
Insurance	619	639	(20)
Licences	18,615	2,662	15,953
Physical Plant supplies	379	373	6
Other	213	628	(415)
Total	19,826	4,302	15,524

Prepaid expenses represent payments to third parties for services to be provided in future periods (e.g. insurance, licences), as well as any significant stock of materials and supplies for internal use (e.g. Facilities Management & Planning supplies). The increase in prepaid licences is due to the large gift in kind of software licences noted above in the deferred revenue section.

3.3.4 Current Portion of Net Investment in Lease: $768,000

The current portion of net investment in lease is defined as the amount collectible within the next fiscal year. This totalled $768,000 at April 30, 2018 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: $8,372,000

In 2002-2003, Carleton University entered into an agreement with Environment Canada under which the university constructed the National Wildlife Research Centre (NWRC) building on its property, which was then leased to Environment Canada. The lease term is for 99 years starting May 1, 2002, which 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: $269,751,000

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

	2018 *$000*	*2017* *$000*	*Increase (Decrease)* *$000*
Investments held for:			
Endowment	266,732	261,631	5,101
Parker Loan fund	1,207	1,242	(35)
NWRC capital reserve	799	792	7
Sprott Student fund	1,013	978	35
Total	269,751	264,643	5,108

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: $644,850,000
Investment in Capital Assets: $378,937,000
Deferred Capital Contributions: $196,056,000

The net value of capital assets as at April 30, 2018 comprised:

	2018 *$000*	*2017* *$000*	*Increase (Decrease)* *$000*
Capital Assets:			
Land and buildings	672,377	632,063	40,314
Building improvements	156,438	149,419	7,019
Equipment and furnishings	98,904	104,741	(5,837)
Computers and software	6,268	6,378	(110)
Automobile	225	233	(8)
Library and art collections	45,183	45,922	(739)
	979,395	938,756	40,639
Less: Accumulated depreciation	(334,545)	(322,625)	(11,920)
Net capital assets	644,850	616,131	28,719
Funding:			
Investment in capital assets	378,937	317,266	61,671
Deferred capital contributions	196,056	182,915	13,141
Total funding	574,993	500,181	74,812
Unfunded assets	69,857	115,950	(46,093)
Financed by:			
Mortgages payable	277	430	(153)
Loans payable	61,739	64,453	(2,714)
Other short-term borrowing	7,841	51,067	(43,226)
Total	69,857	115,950	(46,093)

The specific capital assets funded through financing are as follows:

	2018 *$000*	*2017* *$000*	*Increase (Decrease)* *$000*
Mortgage financing:			
Glengarry residence	277	430	(153)
Grenville and Russell residences	-	-	-
	277	430	(153)
External loan financing:			
Prescott residence	11,586	12,349	(763)
Leeds residence	10,226	11,111	(885)
Frontenac residence	12,499	12,798	(299)
Lennox & Addington residence	27,428	28,195	(767)
	61,739	64,453	(2,714)
Internal loan financing:			
P6/P7 Parking Garage	23,375	23,813	(438)
Housing and Food Services renovations	8,430	12,352	(3,922)
Ice Arena	4,693	5,242	(549)
Alumni Hall and Sports Centre	2,337	2,838	(501)
Field Bleachers	996	1,069	(73)
Health Sciences building	-	7,840	(7,840)
Other (funding in advance of expense)	(31,990)	(2,087)	(29,903)
	7,841	51,067	(43,226)
Financed assets	69,857	115,950	(46,093)

3.3.8 Net Assets, requiring an application of resources: $106,539,000

The net assets classified as an application of resources include:

	2018 *$000*	*2017* *$000*	*Increase (Decrease)* *$000*
Provision for employee future benefits	106,539	136,585	(30,046)
Total	106,539	136,585	(30,046)

As discussed in section 3.2.5, this represents the unfunded balance of employee future benefits as at April 30, 2018.

GENERAL OPERATING FUND 2017-2018
INCOME, EXPENSES AND ACCUMULATED SURPLUS
COMPARISON TO BUDGET (MAY 2017) AND 2016-17 ACTUAL

	2017-18 Actual	2017-18 Budget	Actual to Budget		2016-17 Actual	Actual to Prior Year	
INCOME	$000's	$000's	$000's	%	$000's	$000's	%
Government Grant	182,592	171,744	10,848	6.3	175,649	6,943	4.0
Tuition Fees	286,430	274,202	12,228	4.5	264,878	21,552	8.1
Miscellaneous Income	11,893	10,199	1,694	16.6	10,202	1,691	16.6
Investment Income	12,610	8,250	4,360	52.8	28,174	(15,564)	(55.2)
Departmental Income	12,924	11,852	1,072	9.0	8,894	4,030	45.3
Total Operating Income	**506,449**	**476,247**	**30,202**	**6.3**	**487,797**	**18,652**	**3.8**
EXPENSES							
Faculty of Arts & Social Sciences	51,468	52,214	(746)	(1.4)	50,214	1,254	2.5
Faculty of Public Affairs	32,831	34,454	(1,623)	(4.7)	32,167	664	2.1
Sprott School of Business	12,529	13,180	(651)	(4.9)	12,274	255	2.1
Faculty of Science	39,667	37,899	1,768	4.7	33,490	6,177	18.4
Faculty of Engineeering and Design	32,646	39,720	(7,074)	(17.8)	32,648	(2)	(0.0)
Provost and Vice-President (Academic)	11,266	10,471	795	7.6	9,989	1,277	12.8
Vice-President (Students and Enrolment)	21,506	22,720	(1,214)	(5.3)	20,649	857	4.2
Library	16,232	16,931	(699)	(4.1)	16,509	(277)	(1.7)
Vice-President (Research and International)	3,804	4,901	(1,097)	(22.4)	3,639	165	4.5
Vice-President (Finance & Administration)	37,546	52,414	(14,868)	(28.4)	36,942	604	1.6
Advancement	5,063	5,147	(84)	(1.6)	5,066	(3)	(0.1)
President	4,181	3,836	345	9.0	4,189	(8)	(0.2)
University Budgets and Provisions	154,879	159,619	(4,740)	(3.0)	134,664	20,215	15.0
Interfund Transfers (net)	99,402	22,741	76,661	337.1	17,276	82,126	475.4
Sub-Total Operating Expenses	**523,020**	**476,247**	**46,773**	**9.8**	**409,716**	**113,304**	**27.7**
Net Appropriations	(16,571)	-	(16,571)		78,081	(94,652)	
Total Expenses	**506,449**	**476,247**	**30,202**	**6.3**	**487,797**	**18,652**	**3.8**
Increase in Surplus for the Year	**-**	**-**	**-**		**-**	**-**	
Opening Accumulated Surplus/(Deficit)	498	498	-		498	-	
Closing Accumulated Surplus/(Deficit)	498	498	-		498	-	

Note: 2017-2018 budget figures reflect the opening May 1, 2017 budget, with reallocations made to assist in comparison.

GENERAL OPERATING FUND 2017-2018
INCOME, EXPENSES AND ACCUMULATED SURPLUS
COMPARISON TO PROJECTION (MARCH 2018)

	2017-18 Actual $000's	2017-18 Projected $000's	Actual to Projected $000's	%
INCOME				
Government Grant	182,592	176,475	6,117	3.5
Tuition Fees	286,430	286,550	(120)	(0.0)
Miscellaneous Income	11,893	10,913	980	9.0
Investment Income	12,610	10,194	2,416	23.7
Departmental Income	12,924	5,953	6,971	117.1
Total Operating Income	**506,449**	**490,085**	**16,364**	**3.3**
EXPENSES				
Faculty of Arts & Social Sciences	51,468	52,220	(752)	(1.4)
Faculty of Public Affairs	32,831	34,450	(1,619)	(4.7)
Sprott School of Business	12,529	13,216	(687)	(5.2)
Faculty of Science	39,667	32,921	6,746	20.5
Faculty of Engineeering and Design	32,646	39,231	(6,585)	(16.8)
Provost and Vice-President (Academic)	11,266	10,438	828	7.9
Vice-President (Students and Enrolment)	21,506	23,077	(1,571)	(6.8)
Library	16,232	16,808	(576)	(3.4)
Vice-President (Research and International)	3,804	4,824	(1,020)	(21.1)
Vice-President (Finance & Administration)	37,546	37,592	(46)	(0.1)
Advancement	5,063	5,080	(17)	(0.3)
President	4,181	4,093	88	2.2
University Budgets and Provisions	154,879	143,370	11,509	8.0
Interfund Transfers (net)	99,402	62,680	36,722	58.6
Sub-Total Operating Expenses	**523,020**	**480,000**	**43,020**	**9.0**
Net Appropriations	(16,571)	10,085	(26,656)	(264.3)
Total Expenses	**506,449**	**490,085**	**16,364**	**3.3**
Increase in Surplus for the Year	**-**	**-**	**-**	
Opening Accumulated Surplus/(Deficit)	498	498	-	
Closing Accumulated Surplus/(Deficit)	498	498	-	

Note: The 2016-2017 Projected amounts were those presented to the Board in March 2018.

Carleton University Ancillary Operations
Income and Expenditure as Compared to Budget
and Accumulated Operating Results as at April 30, 2018

	2017-18 Actual			2017-18 Budget			Actual as Compared to Budget			Accumulated Surplus/(Deficit)		
	Income $000	Expenses and Transfers $000	Surplus (Deficit) $000	Income $000	Expenses and Transfers $000	Surplus (Deficit) $000	Income $000	Expenses and Transfers $000	Surplus (Deficit) $000	Opening $000	Contribution to Capital	Closing $000
Recreation and Athletics	15,262	13,622	1,640	14,319	15,504	(1,185)	943	(1,882)	2,825	8,233	-	9,873
Bookstore	696	540	156	695	530	165	1	10	(9)	111	-	267
Health Services	3,492	3,362	130	3,618	3,518	100	(126)	(156)	30	613	-	743
Residence and Dining Services	34,077	32,299	1,778	32,891	32,476	415	1,186	(177)	1,363	7,923	-	9,701
Parking	5,358	4,465	893	5,549	4,612	937	(191)	(147)	(44)	1,951	-	2,844
University Centre	1,741	1,145	596	1,745	1,745	-	(4)	(600)	596	1,895	-	2,491
The Print Shop	3,041	2,603	438	2,890	2,625	265	151	(22)	173	1,004	-	1,442
Ancillary Property Rentals	3,787	3,049	738	3,682	3,426	256	105	(377)	482	821	-	1,559
Ancillary Capital Fund	2,179	799	1,380	2,220	770	1,450	(41)	29	(70)	2,330	-	3,710
Total Ancillaries	69,633	61,884	7,749	67,609	65,206	2,403	2,024	(3,322)	5,346	24,881	-	32,630

Unappropriated fund balance	131	113
Appropriated fund balance	24,750	32,517
	24,881	32,630

AGENDA ITEM 7.2

PRESIDENT BENOIT-ANTOINE BACON'S REPORT TO BOARD OF GOVERNORS

September 25, 2018

Carleton UNIVERSITY
Canada's Capital University

REPUTATIONAL AND COMMUNITY HIGHLIGHTS

Minister McKenna visits Carleton three times

Environment and Climate Change Minister Catherine McKenna's came to the university three times recently to announce new funding for sustainable transportation and autonomous vehicle initiatives, to visit a pair of summer STEM camps for youth, and to announce $350,000 in funding for a Carleton research project that aims to help the construction industry design and build more energy-efficient buildings.

Onley Initiative launched

At the end of August, Carleton hosted the launch of the David C. Onley Initiative for Employment and Enterprise Development, which is aimed at developing knowledge, resources and tools to help students with disabilities advance their careers. The two-year $5-million Onley Initiative is funded by the province and was created to increase employability and entrepreneurship opportunities for post-secondary students with disabilities. It is the first project contributing to the Education City initiative, a partnership between Carleton, Algonquin College, collège La Cité and the University of Ottawa to develop more integrated "stackable" academic programs and shared research shops to help find solutions to challenges faced by businesses, non-profits and governments.

Minister Cho highlights accessibility at Carleton

Ontario's Minister of Seniors and Accessibility, Raymond Cho, toured Carleton for a firsthand look at how accessibility and inclusiveness are handled at the university. The August 22 tour was organized by Carleton's Paul Menton Centre for Students with Disabilities. It was designed to highlight, celebrate and cultivate Carleton's expertise, leadership and collaboration with the community to create greater accessibility and a more inclusive world.

Welcome back and orientation week

A pair of full-capacity community breakfasts hosted by the President, another spirited residence move-in weekend, a full slate of orientation week activities and Throwback — which brought thousands of alumni to campus for a series of events from September 10 to 17 — welcomed students, faculty and staff back to Carleton for the new academic year. The annual President's Golf Tournament on August 20 raised $140,000 for athletic scholarships.

SENIOR APPOINTMENTS

Tim Lott was named Carleton's Assistant Vice-President (Information Technology Services) and Chief Information Officer effective June 1, 2018.

Pauline Rankin began a five-year term on July 1, 2018, as Dean of the Faculty of Arts and Social Sciences.

Charles L.B. Macdonald began a five-year term on August 1, 2018, as Dean of the Faculty of Science.

Gary Nower was appointed Assistant Vice-President Facilities Management Planning on September 4, 2018.

David Hornsby will start a five-year term as Associate Vice-President (Teaching and Learning) on October 1, 2018.

ACADEMICS

New professors on campus

Carleton welcomed its new Canada 150 Research Chair, Shireen Hassim, at the official announcement last spring. Hassim, an internationally renowned expert in feminist theory, politics, social movements and collective action, will come to Carleton this winter for a seven-year term as the Canada 150 Research Chair in Gender and African Politics.

Fulbright Scholars Prof. Stephen Harris (University of Massachusetts Amherst) and Prof. Rodger Payne (University of Louisville) joined Carleton on September 1.

Forty-eight faculty, instructors and librarians were hired in the past year (as of July 1, 2018). In August, 38 new continuing full-time faculty and instructors and 56 new contract instructors participated in a three-day orientation session hosted by Teaching and Learning Services and the Office of the Vice-President (Research and International).

Teaching innovation and excellence

Carleton is coordinating the coding of all courses for experiential learning content, which will help the university link course and registration information to provide a complete picture of all students' experiential learning activities.

Thanks to a teaching innovation fund to spur experimentation in teaching, since January almost 20 faculty have received internal grants to explore various aspects of teaching, experiment with new educational approaches and disseminate evidence-based knowledge about research related to teaching.

Conceived by Prof. Kahente Horn-Miller and extensively supported by Teaching and Learning Services, Collaborative Indigenous Learning Bundles are now available for use. Bundle topics address the recommendations for reconciliation specific to higher education by the Truth and Reconciliation Commission of Canada.

New and approved programs

Students started classes in the Bachelor of Media Production and Design as well as the Certificate and Post-Baccalaureate in Professional Writing this September.

The Master of Science in Management and the Bachelor of Science in Interdisciplinary Science and Practice were approved by the Quality Council in the past year and will be introduced to future students through recruitment efforts this year.

The Bachelor of Science is offering a new major in Interdisciplinary Science and Practice starting in 2019.

The Bachelor of Journalism (Honours) has a new concentration in Health Science starting in 2019.

STUDENT LIFE AND COMMUNITY

Carleton launched a welcome postcard campaign designed to greet every student moving into residence with a message of support, letting them know that they are travelling the same path as so many before them. The 3,800 cards each featured welcome messages from over 100 Carleton Alumni, faculty and staff. Each card also included a voucher for a free hot beverage at one of two Tim Hortons locations on campus.

Residence Life Services and the Department of University Safety collaborated on a pilot project to create an "Emergency Bag" for each student in residence. The bags include a magnet, a small kit with antiseptic wipes and bandages and a small cover for a laptop camera.

The CU Spirit Day program returned to campus on September 7. This initiative encourages faculty, staff and students to purchase a crew neck sweater (with proceeds going to Carleton's "Here for Good" campaign). All members of the Carleton community are encouraged to wear this shirt every Friday to celebrate Ravens spirit. A student in the Bachelor of Industrial Design program provided this year's design.

On September 13, Carleton launched a pilot Therapy Dogs Program, a unique program that integrates Carleton employees as therapy dog handlers in order to foster a supportive environment for students that can help address mild to moderate mental health needs and facilitate referrals.

There are now have three psychiatrists working part-time at Carleton and a fourth will be added part-time in November. Together, they will work the equivalent of nine days a week at Carleton. Access to counselling has also been streamlined

A consultation process to review the Carleton Sexual Violence Policy has begun. A draft work plan has been published online and members of the Carleton community are encouraged to provide for feedback on this work plan.

In August, Carleton's men's basketball team took on an impressive slate of NCAA teams competing in the annual Can-Am Shootout. The Ravens held strong and were undefeated against all NCAA teams: Cincinnati Bearcats, Ole Miss Rebels, South Dakota State Jackrabbits, and Maryland Eastern Shore Hawks.

There is now a bus wrapped with the Ravens logo. This bus will be used throughout the 2018-19 season by Carleton's varsity teams.

RESEARCH

Prof. James Milner (Political Science) received $3.6 million dollar in funding, including a SSHRC Partnership Grant, to study global refugee policy.

Prof. Jenny Bruin of the Department of Biology received about $750,000 from the Canadian Institutes for Health Research (CIHR) to support her innovative work on the factors that trigger diabetes onset and progression.

Prof. Steven Cooke, Canada Research Chair in the Department of Biology and the Institute of Environmental Science, along with six colleagues, were awarded an $649,000 from the Natural Sciences and Engineering Research Council (NSERC) to support managing Parks Canada's historic Rideau and Trent Severn waterways.

Profs. Doris Buss of the Department of Law and Legal Studies and Blair Rutherford of the Department of Sociology and Anthropology were awarded SSHRC Partnership Development Grants worth over $200,000 to ensure gender equality in artisanal and small-scale mining in Africa.

Eight Carleton University research projects received $504,780 from the Canada Foundation for Innovation (CFI) to conduct research on important areas such as water treatment, diabetes, 5G wireless connectivity and obesity.

Prof. Mike Hildebrand in the Department of Neuroscience received over $500,000 from the Canadian Institutes for Health Research (CIHR) to study and develop better solutions to deal with chronic pain, which can affect one in five Canadians.

Carleton researchers were awarded almost $2 million by the Social Sciences and Humanities Research Council of Canada (SSHRC) for 11 Insight Grant projects touching on topics such as tracking the trade of human remains, relationships between Mexico, Canada and the United States, and dialogues around victimization of Indigenous peoples.

ENROLMENTS AND RECRUITMENT FOR NEXT YEAR

Applicant/Targets – Fall 2018/19

Ontario University Application Centre Systems Data – First Year			
	2018	2017	% +-
Applicants	156,736	151,318	+3.6%
Confirmations (# students)	60,491	60,454	+0.6%
Applicants (H.S. – 'OUAC 101s')	89,876	90,235	-0.4%

Carleton University First Year			
	2018	2017	% +-
Applicants	25,121	24,523	+2.4%
Approved	18,826	18,603	+1.2%
Confirmed	6,716	6,980	-3.8%

Carleton University Target (Full-time, Fall) Target / *(Projection using current data)*			
	2018	2017	% +-
First Year	6,543 / *(6,386)*	6,523	0.3% / *(-2.1%)*
First Year (New)	5,498 / *(5,329)*	5,498	0.0% / *(-3.1%)*
Undergraduate	21,568 / *(21,476)*	21,289	1.3% / *(0.9%)*
Total (FT + PT) Enrolment	30,818 / *(30,210)*	29,916	3.0% / *(1.0%)*

Carleton data as at August 27, 2018; OUAC data as at August 2, 2018 (with matched dates in 2017). Office of Institutional Research and Planning.

The 2018-19 undergraduate recruitment season has begun. Carleton recruiters are planning to visit more than 600 high schools across the country. In addition, Carleton's high school outreach initiatives are continuing to expand.

The international admissions team will visit more than 400 high schools and attend approximately 100 events in 45 countries across the Indian subcontinent, Middle East, Southeast Asia, Africa, the Caribbean, Europe, Latin America and Scandinavia.

The Ontario Universities' Fair (OUF) will run from September 28 to 30, and more than 100 Carleton students, staff and faculty will attend to speak to prospective students. Over 130,000 students and parents are expected to attend this year's OUF. In addition, Carleton's Fall Open House Days will be held on campus on October 20 and 27.

Follow President Benoit-Antoine Bacon on Twitter: @CU_President

Read the President's P15 blog: carleton.ca/president/p15/

Carleton UNIVERSITY
Canada's Capital University

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AGENDA ITEM 7.3

Carleton UNIVERSITY
Canada's Capital University

Office of the President and Vice-Chancellor

memorandum

DATE: 18 September 2018

TO: Board of Governors

FROM: Benoit-Antoine Bacon

COPIES: Amanda Goth

RE: President's Goals 2018-2019

I was officially announced as the President of Carleton University on May 1, 2018 and have started a five year mandate on July 1, 2018. The present document outlines my goals for Year 1. For clarity I have regrouped these goals under 6 themes, in no particular order:

Theme 1: Students and Community (with Provost, VP Students and Enrolment)

- Engage the community in a broad process to revitalize indigenous visibility, support, impact
- Complete the review of the Sexual Violence Policy
- Prioritize initiatives that enhance employability, accessibility & mental health
- Increase high impact practices (experiential, problem based & community engaged learning)
- Design an effective long-term strategy to increase retention and graduation rate

Theme 2: Enrolment is Life (with VP Students and Enrolment, Provost)

- Maximize undergraduate applications, admissions and confirmations for Fall 2019
- Attain graduate targets as per SMA 2

Theme 3: Research is the Air we Breathe (with VP Research and International, Provost)

- Maximize our research operations and performance towards exceeding SMA-2 metrics
- Identify and empower strategic multidisciplinary research clusters
- Fully leverage Industry and Partnership Services (IPS) and Carleton International

Theme 4: Deliver on Infrastructure Projects (with VP Finance and Administration)

- Maintain momentum on Health, Arise and Nicol buildings
- Successfully launch the Dominion-Chalmers church as an asset for Carleton and the City
- Upgrade Banner and take steps to ensure our network is stable, powerful and secure
- Define and prioritize next steps in our building program

Theme 5: Successful Landing (with Director of Communications, University Secretary)

- Early and successful engagement of all key stakeholders, internally and externally
- Ensure smooth leadership transition and optimal cohesion of the leadership team
- Fill leadership gaps: Chancellor, Provost, three Deans, AVP Facilities, AVP R&I
- Develop positive working relationships with the Board and Senate
- Pursue professional development opportunities as a scholar and academic leader

Theme 6: Campaign and Strategic Planning (with Chief Advancement Officer, Director of Communications)

- Successfully close the $300M "Collaborate" campaign
- Celebrate the achievements of the campaign and of the 2013-18 SIP
- Formally evaluate our reputational positioning to inform the next planning cycle
- Use that momentum to design and energize a Strategic Planning Process for 2019-2020

AGENDA ITEM 7.4

HERE *for* GOOD

UNIVERSITY ADVANCEMENT
REPORT TO BOARD OF GOVERNORS
SEPTEMBER 2018

CAMPAIGN PROGRESS

CAMPAIGN TOTAL:	$280,849,418
FISCAL YEAR:	
Annual Giving:	$792,825
Major Giving:	$6,890,309
TOTAL FISCAL:	$7,683,134

University Advancement begins the 2018/19 academic term focused on a successful completion of the Collaborate Campaign and the activation of our "Here for Good" ethos. Working with Dr. Bacon, Research, our new academic leadership and campaign counsel, we will engage with top prospects and our donor community to increase new commitments and close outstanding philanthropic conversations. New marketing initiatives will help develop leads and future opportunities for legacy giving; meanwhile, a series of annual giving campaigns will give the broader donor community a chance to contribute to campaign success by enhancing experiential learning. In parallel, we are plannning a stewardship and celebration initiative to recognize Campaign donors, engage alumni, and maintain positive momentum for a post-Campaign period and a new era for Carleton.

GIFTS OVER $100K

CBC RADIO CANADA - $1,698,000
Library - Gift in Kind

RENATO GALLIANI - $400,000
Renato Galliani Scholarship in French

ALEXANDER LAW - $ 250,000
Law Scholarship in Architectural Studies

DONALD PATTISON - $100,001
Expected Bequest

UPCOMING EVENTS

September 27:
Annual Sprott Toronto Alumni Reception

September 28:
Panda Golf Tournament

September 28:
Butterfly Show Sneak Preview

September 29:
Panda Game

September 29:
Department of Earth Sciences 65th Anniversary & Geoheritage Day

October 4 & 5:
School of Architecture 50th Anniversary

October 17:
Alumni Mentors Program Launch

October 25:
Great Grads, Good Deeds - Vancouver

November 1:
Great Grads, Good Deeds - Calgary

November 8:
Great Grads, Good Deeds - Toronto

November 27:
Giving Tuesday

November 29:
Thank You Thursday and Annual Holiday Social