BOARD OF GOVERNORS
Audit & Finance Committee
Public Session

Monday, June 12, 2017
4:05 p.m. to 5:00 p.m.
North Campus, ERC 3023
Toll-Free: 1-877-385-4099   Participant Passcode: 1028954#

Members: Miles Goacher (Chair), Nigel Allen, Doug Allingham, Jeremy Bradbury, Adele Imrie, Tim McTiernan, Dietmar Reiner, Mary Simpson

Staff: Robert Bailey, Larry Brual, Becky Dinwoodie, Craig Elliott, Cheryl Foy, Douglas Holdway, Susan McGovern, Pamela Onsiong

AGENDA

No.	Topic	Lead	Allocated Time	Suggested End Time
1	**Call to Order**	Chair	1	
2	**Agenda (M)**	Chair	1	
3	**Conflict of Interest Declaration**	Chair	1	
4	**Approval of Minutes of Meeting of April 19, 2017* (M)**	Chair	2	
5	**Chair's Remarks**	Chair	5	4:15 p.m.
6	**SIRC Building Construction Project* (U)(P)**	C. Elliott/ L. Brual	5	4:20 p.m.
7	**Finance**			
7.1	Fourth Quarter Report* (U)	P. Onsiong	15	4:35 p.m.
7.2	2017-2019 Tuition & Ancillary Fees Amendments* (M)	R. Bailey	5	4:40 p.m.
8	**Investment Committee Oversight**			
8.1	Investment Committee Quarterly Report (U)	N. Allen	5	4:45 p.m.
9	**Compliance & Policy**			
9.1	University Risk Management (P)(U)	C. Foy	5	4:50 p.m.
9.2	Annual Policy Review & Compliance Update (P)(U)	C. Foy	5	4:55 p.m.
10	**Other Business**	Chair	3	
11	**Termination (M)**	Chair	2	
	M – Motion			
	P – Presentation			
	U – Update			
	* Documents attached			

Becky Dinwoodie, Secretary

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

BOARD OF GOVERNORS
AUDIT & FINANCE COMMITTEE

MINUTES OF THE MEETING OF APRIL 19, 2017
1:30 p.m. to 3:30 p.m., ERC 3023
PUBLIC SESSION

Attendees: Miles Goacher (Chair), Nigel Allen, Doug Allingham (*via teleconference*), Jeremy Bradbury (*via teleconference*), Adele Imrie, Tim McTiernan, Dietmar Reiner, Mary Simpson (*via teleconference*)

Staff: Robert Bailey, Larry Brual, Becky Dinwoodie, Craig Elliott, Brad MacIsaac, Susan McGovern, Pamela Onsiong

Guests: Mikael Eklund (UOIT Faculty Association)

1. Call to Order

The Chair called the meeting to order at 1:50 p.m.

2. Agenda

Upon a motion duly made by A. Imrie and seconded by T. McTiernan, the Agenda was approved as presented.

3. Conflict of Interest Declaration

M. Simpson declared a conflict regarding the UPASS.

4. Approval of Minutes of Meeting of February 15, 2017

Upon a motion duly made by A. Imrie and seconded by T. McTiernan, the Minutes were approved, as presented.

5. Chair's Remarks

The Chair kept his remarks brief due to the full agenda. He welcomed new governor, D. Reiner, to his first Committee meeting.

6. SIRC Building Construction Project

L. Brual delivered an update on the SIRC Building. He advised that they have started putting up boarding and have enclosed the mechanical room. The project is on target for completion of Phase 1 and Phase 2. There are no recent safety incidents to report. He confirmed that 96% of the $19.3M in tenders have been awarded and the budget remains on target at $33.3M. He also advised that the source of gas issue has been resolved and the gas should be ready for the building by May. The technical issues with the transformer have also been resolved and the cost was absorbed by the GMP contract. He also reviewed the summary financial report as at the end of March 2017.

L. Brual presented the details of a change order requested for the installation of accessible doors. He provided an overview of the change request, which was to provide power-assisted door operators to classrooms and labs. The power-assisted doors were not included during the initial design phase and were not caught by the Code consultant as the consultant reviewed the design for Code compliance and not in the context of UOIT's commitment to being barrier-free. The cost impact will be $194,000 and will be covered by contingency and not by EllisDon. If the work to install the doors is undertaken work now, it will not disturb classes/labs. The largest remaining risks are the FFE contracts and keeping on schedule.

7. Finance

7.1 2017-2018 Budget

C. Elliott presented the 2017-2018 budget. He discussed several of the major issues facing the University and advised that the University will focus on increasing its international student enrolment levels.

He also discussed the fundraising campaign and they anticipate the campaign coming to the Strategy and Planning Committee in May and to the Board in June. The campaign is allocated $640,000 in costs under External Relations.

He confirmed that the SIRC building will not be included in the operational budget until it comes online in November. Also, the moving ground plane is not reflected in the current year's budget.

C. Elliott highlighted the budget contingency and advised that $400,000 was removed from the overall contingency. He also discussed the TELE transition and showed the TELE expenses decreasing. The student fee related to TELE is also being reduced from $580 to $150. He also discussed the TELE reserve and the usage of the funds.

C. Elliott provided an overview of the budget consultation process, which reflects an effort to make the budget process more consultative and transparent. He also confirmed that the financial principles have not changed from the development of the last budget.

He identified broad topics that may impact the University but the timing of which is uncertain:

1. Demographic and impact of increased competition on enrolment;
2. Space challenges – classrooms, and labs;
3. Funding Formula and Net Tuition implications;
4. Balancing resource constraints in the key areas of academic quality, student experience, and service excellence;
5. Recruitment, development, and retention of UOIT faculty and staff; and
6. Fiscal position – debt to revenue.

(M. Simpson exited the meeting at 2:28 p.m.)

C. Elliott also identified the key challenges and opportunities for UOIT. He reviewed the key budget assumptions, highlighting the strategy regarding enrolment. He also presented financial metrics, which are used by the province and will be reported on through the SMA.

Key Budget Risks
- Enrolment targets not achieved
- Faculty negotiations/executive compensation
- Staffing objective shortfall – risk of not filling vacant positions & negatively affecting student experience
- Student Association re-organization

Key Opportunities
- International growth above plan
- Corridor funding for additional PhDs

Resource Allocation Model
- Works great when have increasing enrolments but less so when enrolments decrease
- Have moved from a RAM model to a cost allocation budget model
- C. Elliott explained the strategic funding summary

While reviewing the 2017-2018 proposed draft budget, C. Elliott explained the deficit for ACE and advised that the terms of the new GM Contract had not yet been incorporated. He would expect to see an improvement in ACE with the new contract terms. They are also forecasting that the campus childcare centre will be profitable. He showed that the Campus Fieldhouse is doing better than planned. There was a discussion regarding the Ice Centre issues and C. Elliott advised that they are continuing to work with the City on the issue.

(D. Allingham exited at 2:55 p.m.)

Strategic Plan Achievements

D. Saucier provided the Committee with an update on the achievements made on the 2012-2016 Strategic Plan. She also reviewed the highlights of the progress made towards the 2017-2022 Strategic Plan. She presented the 2017-2018 Budget Strategic Initiatives reflected in the base expenses, including:

- New faculty hires (maintain Student:Faculty) - $1.2M
- Sessionals and TAs (reduce class size) - $0.4M
- Student support (e.g. scholarships, advising) - $1.0M
- Test Centre (help students succeed) - $0.2M
- English Language Centre (internationalization) - $0.4M
- IT Network Administrator & PCI compliance - $0.2M

She also reviewed the one time only expenses for 2017-2018 strategic initiatives.

C. Elliott provided the background to the 2017-18 budget reductions. He presented the unfunded budget items and identified the risks and the mitigation strategies for each. The four main risks identified were:

1. student experience;
2. academic quality/faculty & staff;
3. physical hazards & safety/crisis response/business continuity; and
4. legal/compliance liability.

He confirmed that there will be additional discussions at Academic Council (AC) regarding the budget.

The Committee discussed obtaining funding for PhD programs. D. Saucier explained the issue raised at AC the previous day regarding the budget, which was a result of the timing of the discussions. This will be taken into consideration for scheduling consultations with AC going forward. The budget will be discussed at the Academic Council Executive (ACX) Committee meeting on May 2 and was also discussed at the ACX meeting in September.

A question was raised about the identified risks and whether they go through the risk register process. Also, if “asks” are made and not granted, are the mitigation strategies discussed with the budget holder? D. Saucier advised that the risks and mitigations are discussed and placed on the risk register if it belongs to her.

(J. Bradbury exited at 3:22 p.m.)

D. Saucier confirmed that consideration is given to risk and the mitigation strategies formed part of the budget presentations. D. Saucier discussed the issue of filling vacant faculty positions; primarily, that as vacant positions are filled others become vacant soon thereafter. There was also a discussion as to how Faculty carry-forwards operate in terms of salaries for vacant positions.

Upon a motion duly made by T. McTiernan and seconded by N. Allen, the Audit and Finance Committee recommended the 2017-2018 budget, as presented, to the Board of Governors for approval.

7.2 2017-2018 Tuition & Ancillary Fees

B. MacIsaac delivered a presentation on the Fee Context. He discussed the role of the Board in approving fees, as well as the process for developing tuition fees. This is the first year the Board will consider the fees for two years as it will support the new policies implemented by the Ministry regarding net tuition practices. He presented undergraduate and graduate comparisons of 2016-2017 fees for Ontario institutions for both domestic and international students.

UOIT's undergraduate ancillary fees are the highest in the system. However, our ancillary fees have not increased over the last few years and our ancillary fees are now closer to those of other institutions. UOIT ancillary fees include $120 for the transit pass, which is not included for many other institutions. The total of UOIT's tuition and ancillary fees are now below the system average.

B. MacIsaac explained the "free tuition" concept for Ontario students from families with incomes less than $50,000. The tuition grants will now be given up-front instead of at the back end. He also discussed the student debt myth (approximately 40% of students graduate without debt).

There was a discussion regarding whether the international undergraduate tuition could be increased as we are below the system average. B. MacIsaac responded that he believes the market could bear a tuition increase; however, it is also a political decision to increase tuition. D. Saucier added that the demographics of UOIT international students differ from other institutions' international students. They must also consider the type of support international students require once they arrive.

Upon a motion duly made by T. McTiernan and seconded by D. Reiner, the Audit and Finance Committee recommended the 2017-2018 and 2018-2019 tuition fees, as presented, for approval by the Board of Governors.

B. MacIsaac highlighted the increases in specific areas of the ancillary fees. He informed the Committee of the composition of the Ancillary Fee Committee. They are recommending an overall increase of 1.4%, largely due to the UPASS increase. B. MacIsaac responded to questions from the Committee.

Upon a motion duly made by T. McTiernan and seconded by N. Allen, the Audit and Finance Committee recommended the 2017-2018 and 2018-2019 ancillary fees, as presented, for approval by the Board of Governors.

7.3 10-Year Financial Plan

C. Elliott reviewed the 10-year forecast. The forecast incorporates information they have for grant funding. They forecast surpluses in the first 4 years and smaller losses in the following years.

This is a conservative forecast. There was a discussion regarding the effort needed to increase international student enrolment. B. MacIsaac advised they would require additional staff members to increase recruitment efforts as they are currently using an agent overseas that charges one-third tuition. Space continues to be a consideration in increasing enrolment.

8. Compliance & Policy

8.1 University Risk Management

C. Foy provided an update on the University Risk Management process. She noted that several of the risks identified in the budget presentation came out of the development of the risk register last year. She added that last year it was desired to have a strategic risk discussion at the Board level this year; however, there has not been an opportunity to do so. Consideration should be given to having a placeholder for it on the work plan for next year.

She confirmed that the Risk Management Committee (RMC) has been meeting regularly. The focus of the RMC has been to rationalize and synthesize the risks identified last year. She clarified that some situations characterized as risks are more organizational conditions of operation (used the example of a lack of resources).

Risk Register Finalization Process

The RMC is identifying institutional level risks that require attention at an institutional level (used space as example – identified by many departments & risk assigned to Space Committee). C. Foy presented a draft list of risk holders. The red items identify new risk holders, including: Academic Council, Budget Working Group, and Policy Advisory Committee

This process will result in a significant reduction in the number of risks as common risks are amalgamated. This will also provide comfort that risks have been identified both bottom-up and top-down.

The Committee discussed how to keep the risk management process live and how to measure success. C. Foy confirmed that it is more of a 10-year project. She advised that they will be reporting to A&F and the Board on the key risks.

9. Other Business

10. Termination

There being no other business, upon a motion duly made by T. McTiernan and seconded by D. Reiner, the meeting terminated at 3:59 p.m.

Becky Dinwoodie, Secretary

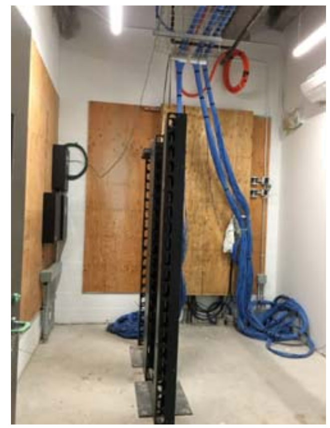
Software & Informatics Research Centre (SIRC)

A&F Committee Update Presentation – June 12, 2017

Progress Update (as of 2nd June 2017) :

- Gas, Power, Water and Telephone ready. Elevator installation in progress.
- 1st and 2nd floor – painting, ceiling, tiling and carpet laying in progress.
- External brick wall completed. Metal cladding in progress.
- Landscaping and parking work in progress. Equipment commissioning started.
- Project is currently tracking to schedule.

Progress Photos


Site Safety:

- Nothing to report - no incident on site this period

Change Orders:

- No change order requested and approved this month

Procurement Summary:

- GMP sub-trade tenders completed for all 4 levels and on budget.
- 59% of $3.6M in UOIT FFE tenders committed with potential savings of $500K

Financial Summary:

- Total SIF funding received $6.95M
- Project Contingency still remain
- Breakdown of Sources and Uses of funds next slide.
- The project remains on budget at $33.3M

Summary Financial Report

CASH FLOW REPORT FOR ENDING MONTH OF MAY 2017

Sources of Funds

Description	Actuals May 2017	Budget May 2017	Actual YTD	Budget YTD	Variance	Source of Funds Comments	Total Funding Budget	Total Actual YTD	Forecasted Funding Required	Funding at Completion	Variance
							A	B	C	B+C = D	D-A
UOIT	$2,339,559	$2,339,978	$8,383,263	$11,050,552	-$2,667,290	Actual spending is less with SIF grants received more than planned.	$20,298,110	$8,383,263	$11,676,611	$20,059,874	-$238,236
SIF	$0	$0	$6,950,236	$5,042,363	$1,907,873	Last March SIF grant received is 200% compared to budget	$13,001,890	$6,950,236	$6,051,654	$13,001,890	$0
Advancement	$0	$0	$0	$0	$0	Advancement funds have not officially been commitment to the project.	$0	$0	$0	$0	$0
Totals	**$2,339,559**	**$2,339,978**	**$15,333,499**	**$16,072,781**	**-$759,417**	See variance explanation below	**$33,300,000**	**$15,333,499**	**$17,728,265**	**$33,061,764**	**-$238,236**

Uses of Funds - Trend Line

Description	Actuals May 2017	Budget May 2017	Actual YTD	Budget YTD	Variance	YTD Variance Explanation	Milestone	Date	Total Budget	Total Actual YTD	Estimate to Complete	Estimate at Completion	Variance
									A	B	C	D = B+C	D-A
GMP Base Contract	$1,947,039	$1,947,039	$12,935,247	$12,905,415	$29,832	Phase 1 work progress variance	Substantial Completion	8/1/2017	$20,630,966	$12,935,247	$7,695,719	$20,630,966	$0
CO3 GMP Fl. 3&4	$275,029	$275,029	$491,709	$486,435	$5,274	Phase 2 work progress variance	Substantial Completion	11/10/2017	$5,657,627	$491,709	$5,165,919	$5,657,627	$0
CO1 Fl. 3&4 Design	$0	$0	$77,351	$77,351	$0	Work completed.	Complete	Completed	$87,899	$77,351	$10,548	$87,899	$0
CO2 Transformer	$96,823	$96,823	$96,823	$96,823	$0	Work completed.	Power-on	Completed	$110,026	$96,823	$13,203	$110,026	$0
CO4 Donor Signage	$0	$0	$0	$0	$0	Invoicing forecasted on June 2017 billing	Substantial Completion	8/1/2017	$8,928	$0	$8,928	$8,928	$0
CO5 Door Operators	$0	$0	$0	$0	$0	Invoicing forecasted on July 2017 billing	Substantial Completion	11/10/2017	$0	$0	$201,041	$201,041	$201,041
Design	$0	$0	$310,230	$310,230	$0	Work completed.	Complete	Completed	$310,230	$310,230	$0	$310,230	$0
FFE	$0	$0	$24,901	$50,000	-$25,099	Actual invoice for the Fibre work from Library to Wiley	Substantial Completion	11/10/2017	$3,619,350	$24,901	$3,094,449	$3,119,350	-$500,000
Consultants	$15,512	$15,512	$254,097	$269,897	-$15,800	Signage invoice lower than budgetted.	NA	NA	$300,749	$254,097	$216,450	$470,547	$169,799
Parking	$0	$0	$986,943	$1,011,711	-$24,769	Certified work completed less than the contract award value.	Substantial Completion	Completed	$1,018,975	$986,943	$16,768	$1,003,711	-$15,264
Contingency	$0	$0	$0	$707,908	-$707,908	No contingency has been used to date. Contingency was forecasted for the months of July/August/September to allow for any unknown items that could have arisen during early construction.	NA	NA	$1,271,666	$0	$1,271,666	$1,271,666	$0
Management Fees	$5,157	$5,576	$156,198	$157,011	-$813	Miscellaneous disbursement and salary variance	NA	NA	$283,585	$156,198	$33,575	$189,774	-$93,811
Totals	**$2,339,559**	**$2,339,978**	**$15,333,499**	**$16,072,781**	**-$739,282**				**$33,300,000**	**$15,333,499**	**$17,728,265**	**$33,061,764**	**-$238,236**

Summary Financial Report

A & F Reporting as of MAY 2017

Sources of Funds - Actuals

Description	Total Funding Budget	Actual YTD May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017
	A								
UOIT	$20,298,110	$8,383,263	$181,542	$2,200,391	$2,515,126	-$148,104	$3,356,283	$1,383,043	($381,871)
SIF	$13,001,890	$6,950,236	$1,475,000	$0	$0	$2,950,000	$0	$0	$1,626,654
Advancement	$0	$0	$0	$0	$0	$0	$0	$0	$0
Totals	**$33,300,000**	**$15,333,499**	**$1,656,542**	**$2,200,391**	**$2,515,126**	**$2,801,896**	**$3,356,283**	**$1,383,043**	**$1,244,783**

Uses of Funds - Actuals

Description	Total Budget	Actual YTD May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017
	A								
GMP Base Contract Construction Contract	$20,630,966	$12,935,247	$1,344,265	$1,566,095	$1,447,800	$861,844	$2,063,097		
CO3 GMP Fl. 3&4	$5,657,627	$491,709	$282,267	$575,545	$713,136	$970,136	$813,136	$684,544	$437,957
CO1 Fl. 3&4 Design	$87,899	$77,351					$8,790		
CO2 Transformer	$110,026	$96,823							
CO4 Donor Signage	$8,928	$0	$8,928						
CO5 Door Operators	$0	$0		$24,125	$48,250	$80,416	$48,250		
Design Build Preliminary Phase	$310,230	$310,230							
FFE incl. Level 1-4	$3,619,350	$24,901		$13,617	$262,100	$856,000	$370,675	$665,000	$791,057
Consultants	$300,749	$254,097	$15,512	$15,512	$38,343	$28,002	$30,070	$28,002	$15,512
Parking	$1,018,975	$986,943	$0	$0	$0	$0	$16,768		
Contingency	$1,271,666	$0							
Management Fees	$283,585	$156,198	$5,571	$5,498	$5,498	$5,498	$5,498	$5,498	$257
Totals	**$33,300,000**	**$15,333,499**	**$1,656,542**	**$2,200,391**	**$2,515,126**	**$2,801,896**	**$3,356,283**	**$1,383,043**	**$1,244,783**

Summary Financial Report

A & F Reporting as of MAY 2017 (cont'd)

Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Estimate to Complete	See Legend Below
$749,159	$9,824	$9,824	$0	$0	$0	$0	$0	$0	$416,578	$0	$0	$113,153	$0	$0	$20,059,875.35	
$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$13,001,890.00	
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0.00	
$749,159	**$9,824**	**$9,824**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$416,578**	**$0**	**$0**	**$113,153**	**$0**	**$0**	**$33,061,765**	1

Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Estimate to Complete	
									$412,619						**$20,630,966**	
$576,046												$113,153			**$5,657,627**	
									$1,758						**$87,899**	
$11,003									$2,201						**$110,026**	
															$8,928	
															$201,041	
															$310,230	
$136,000															**$3,119,350**	2
$25,853	$9,824	$9,824													**$470,547**	
															$1,003,711	
															$1,271,666	3
$257															**$189,774**	
$749,159	**$9,824**	**$9,824**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$416,578**	**$0**	**$0**	**$113,153**	**$0**	**$0**	**$33,061,765**	1

Legend:

1 Forecast project cost at completion

2 Forecasted cost savings in FFE budget is $500K

3 Contigency is assumed to be expensed at this stage.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Financial Update
Report to the Audit and Finance Committee
For the year ending March 31, 2017

June 12, 2017

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Report to Audit and Finance Committee – June 12, 2017
For the year ended March 31, 2017
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Draft Consolidated Financial Statements of

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

For the year ended March 31, 2017

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Financial Statements
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For the year ended March 31, 2017

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Financial Position
As at March 31, 2017

	Mar 31, 2017	Mar 31, 2016	Variance
ASSETS			
CURRENT			
Cash and cash equivalents (Note 2)	**$ 56,795,539**	$ 32,308,994	$ 24,486,545
Short-term investments (Note 2)	**-**	10,170,000	(10,170,000)
Grant receivable	**6,152,287**	5,312,979	839,308
Other accounts receivable (allowance for doubtful accounts - $304,895; 2016 - $308,202)	**7,624,344**	7,581,038	43,306
Prepaid expenses and deposits	**1,689,870**	1,701,678	(11,808)
Inventories	**172,514**	154,262	18,252
	72,434,554	57,228,951	15,205,603
INVESTMENTS (Note 3)	**29,632,811**	30,967,585	(1,334,774)
CAPITAL ASSETS (Note 4)	**399,939,626**	397,511,225	2,428,401
TOTAL ASSETS	**$ 502,006,991**	$ 485,707,761	$ 16,299,230
LIABILITIES			
CURRENT AND LONG-TERM LIABILITIES			
Accounts payable and accrued liabilities (Notes 5 and 12)	**$ 34,633,948**	$ 24,194,540	10,439,408
Deferred revenue (Note 6)	**20,878,720**	20,358,279	520,441
Current portion of other long-term debt (Note 7)	**5,707,308**	5,477,658	229,650
Current portion of obligations under capital lease (Note 8)	**505,413**	417,565	87,848
Current portion of long-term debenture debt (Note 9)	**5,439,949**	5,110,244	329,705
	67,165,338	55,558,286	11,607,052
OTHER LONG-TERM DEBT (Note 7)	**682,735**	6,390,043	(5,707,308)
LONG-TERM OBLIGATIONS UNDER CAPITAL LEASES (Note 8)	**38,167,349**	38,672,761	(505,413)
LONG-TERM DEBENTURE DEBT (Note 9)	**170,061,232**	175,501,181	(5,439,949)
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	**164,581,824**	162,285,684	2,296,140
	440,658,478	438,407,955	2,250,523
NET ASSETS / (DEFICIT)			
UNRESTRICTED	**(10,744,227)**	(22,160,664)	11,416,437
INVESTED IN CAPITAL ASSETS (Note 13)	**20,902,313**	14,996,292	5,906,021
INTERNALLY RESTRICTED (Note 14)	**31,573,707**	36,292,518	(4,718,811)
ENDOWMENTS (Note 15)	**19,616,720**	18,171,660	1,445,060
	61,348,513	47,299,806	14,048,707
Contingencies and Contractual Commitments (Note 17)			
TOTAL LIABILITIES AND NET ASSETS	**$ 502,006,991**	$ 485,707,761	16,299,230

See accompanying notes to the consolidated financial statements

Approved by:

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Operations
For the year ended March 31, 2017

	2017	2016	Variance
REVENUE			
Grants - operating and research (Note 11)	$ **69,790,551**	$ 68,364,211	$1,426,340
Grants - debenture	**13,500,000**	13,500,000	-
Donations	**1,089,859**	701,761	388,098
Student tuition fees	**74,817,528**	69,729,577	5,087,951
Student ancillary fees	**13,773,580**	14,557,870	(784,290)
Revenues from purchased services (Note 12)	**3,993,307**	3,724,803	268,505
Other income	**13,654,306**	12,288,186	1,366,120
Amortization of deferred capital contributions	**8,796,000**	8,705,492	90,508
Interest revenue	**865,352**	1,025,880	(160,528)
Realized/unrealized gain/(loss) on investments	**1,702,360**	(1,385,256)	3,087,617
Gain on disposal of capital assets	**434,126**	421,476	12,650
	202,416,969	191,634,000	10,782,969
EXPENSES			
Salaries and benefits	**96,518,715**	94,207,476	2,311,239
Supplies and expenses	**36,580,910**	36,021,630	559,280
Purchased services (Note 12)	**16,084,422**	15,685,113	399,309
Interest expense - Debt obligations	**14,715,745**	15,197,546	(481,801)
Interest expense - Other	**107,202**	87,854	19,348
Amortization of capital assets	**24,859,401**	26,190,578	(1,331,177)
Professional fees	**946,927**	936,269	10,657
	189,813,322	188,326,466	1,486,855
Excess of revenue over expenses	$ **12,603,647**	$ 3,307,534	$ 9,296,114

See accompanying notes to the consolidated financial statements

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2017

	Unrestricted	Invested in Capital Assets (Note 13)	Internally Restricted (Note 14)	Endowments (Note 15)	Total 2017	Total 2016
Balance - Beginning of Year	**$ (22,160,664)**	**$ 14,996,292**	**$ 36,292,518**	**$ 18,171,660**	**$ 47,299,806**	$ 42,871,951
Excess / (deficiency) Revenue over Expenses	**28,667,048**	**(16,063,401)**	**-**	**-**	**12,603,647**	3,307,534
Interfund Transfer	**4,718,811**	**-**	**(4,718,811)**	**-**	**-**	-
Investment in Capital Assets	**(21,969,422)**	**21,969,422**	**-**	**-**	**-**	-
Endowment Contributions	**-**	**-**	**-**	**1,445,060**	**1,445,060**	1,120,321
Net changes during the year	**11,416,437**	**5,906,021**	**(4,718,811)**	**1,445,060**	**14,048,707**	4,427,855
Balance - End of Year	**$ (10,744,227)**	**$ 20,902,313**	**$ 31,573,707**	**$ 19,616,720**	**$ 61,348,513**	$ 47,299,806

See accompanying notes to the consolidated financial statements

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

		Mar 31, 2017		Mar 31, 2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Excess of revenue over expenses	**$**	**12,603,647**	$	3,307,534
Items not affecting cash:				
Amortization of capital assets		**24,859,401**		26,190,578
Amortization of deferred capital contributions		**(8,796,000)**		(8,705,492)
Gain on disposal of capital assets		**(434,126)**		(421,476)
Realized/unrealized (gain)/loss on investments		**(1,702,360)**		1,385,256
		26,530,562		21,756,400
Working capital:				
Grant and other accounts receivable		**(882,614)**		1,072,942
Prepaid expenses and deposits		**11,808**		(111,313)
Inventories		**(18,252)**		136,222
Accounts payable and accrued liabilities		**10,439,408**		(1,263,972)
Deferred revenue		**520,441**		(419,140)
		36,601,353		21,171,139
INVESTING				
Purchase of capital assets		**(28,175,619)**		(9,349,915)
Proceeds on disposal of capital assets		**1,321,943**		856,075
Investments		**13,207,134**		3,911,846
		(13,646,542)		(4,581,994)
FINANCING				
Repayment of long-term debt		**(10,587,902)**		(9,954,499)
Endowment contributions		**1,445,060**		1,120,321
Repayment of obligations under capital leases		**(417,564)**		(27,746)
Deferred capital contributions		**11,092,140**		898,331
		1,531,734		(7,963,593)
NET CASH INFLOW		**24,486,545**		8,625,552
CASH & CASH EQUIVALENTS BALANCE, BEGINNING OF YEAR		**32,308,994**		23,683,442
CASH & CASH EQUIVALENTS BALANCE, END OF YEAR	**$**	**56,795,539**	$	32,308,994
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid	**$**	**14,930,533**	$	15,399,645

See accompanying notes to the consolidated financial statements

University of Ontario Institute of Technology (the "University") was incorporated without share capital under the University of Ontario Institute of Technology Act which received Royal assent on June 27, 2002. The objectives of the University, as well as the powers of the Board of Governors and the Academic Council, are defined in the Act.

The University is a market-oriented University integrating inquiry, discovery and application through excellence in teaching, learning and value-added research. The University is a degree granting and research organization offering graduate and undergraduate education. The University is a registered charity under Section 149 of the Income Tax Act and is, therefore, exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

(a) Basis of presentation

The University follows Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") in Part III of the Chartered Professional Accountants of Canada ("CPA") Handbook. These consolidated financial statements reflect the assets, liabilities, net assets, revenue and expenses of all the operations controlled by the University.

On November 1, 2009, the Campus Childcare Centre Inc. ("CCC") was incorporated as a separate legal entity with a fiscal year ended April 30. Its purpose is to provide daycare facilities to the children of faculty, staff and students of the University and Durham College, as its first priority, and community families. CCC is controlled by the University and its financial results to March 31, 2017 are included in the Consolidated Financial Statements of the University.

On February 1, 2012, the Automotive Center of Excellence ("ACE") commenced its operations as a test facility for General Motors of Canada and other commercial customers who are seeking to create, test and validate paradigm-shifting innovations with a focus on bringing them to market as rapidly as possible. ACE is a wholly owned department of the University and its financial results to March 31, 2017 are included in the Consolidated Financial Statements of the University.

These consolidated financial statements do not reflect the assets, liabilities, and results of operations of the various student organizations as they are not controlled by the University.

(b) Revenue recognition

The University follows the deferral method of accounting for contributions, which includes donations and government grants.

Operating grants are recorded as revenue in the year to which they relate. Grants earned but not received at the end of an accounting year are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Student tuition fees are deferred to the extent that related courses extend beyond the fiscal year of the University.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Student fees are recognized as revenue when courses are provided.

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.

Externally restricted contributions for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are incurred. Pledged donations are not recorded until received due to the uncertainty involved in their collection.

Endowment contributions are reported as direct increases in net assets when received.

Other operating revenues are deferred to the extent that related services provided, or goods sold, are rendered/delivered subsequent to the end of the University's fiscal year.

Investment income related to restricted spending is deferred. Investment income without restrictions is recognized when earned.

(c) Cash and cash equivalents

Cash equivalents consist of highly liquid investments having terms to maturity on acquisition of three months or less, and are readily convertible to cash on short notice and are recorded at market value.

(d) 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(e) Long-term debt

The University carries long-term debt at amortized cost.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(g) Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution when fair value is reasonably determinable. Otherwise, contributed assets are recorded at a nominal amount. Betterments, which extend the estimated useful life of an asset, are capitalized. When a capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized on a straight-line basis over their average useful lives, which have been estimated to be as follows:

Buildings	15 – 40 years
Building renovations and major equipment	10 years
Leasehold improvements	over lease term
Parking	20 years
Furniture and fixtures	5 years
Laptops	2 – 3 years
Computer equipment and vehicles	3 years
Capital leases	over economic life of assets

Capital assets acquired during the financial year are amortized at half of the applicable rate. Construction-in-progress represents assets not yet available for use, therefore amortization commences when the project is complete.

(h) Deferred capital contributions

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets.

(i) Contributed services

The University receives a number of contributed services from individuals, corporations and community partners. Because of the difficulty in determining the fair value, contributed services are not recognized in the Consolidated Financial Statements.

1. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

(j) Use of estimates

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenue and expenses during the year. Significant estimates includes the carrying value of capital assets. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

		2017		2016
Bank of Montreal, credit facility	**$**	**28,271,693**	$	13,840,547
Bank of Montreal, cash balances		**10,564,430**		10,950,281
BMO Nesbitt Burns & RBC GICs		**17,593,407**		7,169,483
IBM, credit facility drawn		**(10,000)**		(10,000)
Royal Bank of Canada, cash balances		**57,035**		153,327
Harris Bank, cash balances		**46,625**		4,745
Other, balances		**272,349**		200,611
	$	**56,795,539**	$	32,308,994

The University has a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit up to $17,000,000, bearing interest at prime plus 0.25%. At March 31, 2017, the University utilized, on a cash consolidated basis, nil (2016 - nil) of the operating line of credit.

The University also had a credit facility agreement with IBM Global Financing, which provides for a revolving operating line of credit up to $5,000,000 bearing interest at prime plus 0.25%. At March 31, 2017, the University utilized $10,000 (2016 - $10,000) of the operating line of credit.

Guaranteed Investment Certificates (“GICs”) mature within 90 days of fiscal year-end and are accounted for as cash and cash equivalents. These include $16,450,780 of 30-day cashable GICs (2016 - $7,169,483) and $1,142,627 of annual GICs (2016 - $10,170,000) which mature June 12, 2017.

3. INVESTMENTS

	2017		2016	
	Cost	**Fair Value**	Cost	Fair Value
Equities	**$ 13,228,753**	**$ 15,336,164**	$ 13,141,002	$ 13,582,832
Fixed income	**7,728,900**	**7,770,990**	6,208,685	6,332,557
Money Market/Cash	**1,029,620**	**1,033,616**	467,432	467,432
Held in Trust	**5,192,106**	**5,492,041**	9,969,718	10,584,764
	$ 27,179,379	**$ 29,632,811**	$ 29,786,837	$ 30,967,585

Investments held in trust represent the principal on the remaining proceeds of a loan of $5,492,041 (2016 - $10,584,764) that the University received from the Ontario Financing Authority in February 2012 (Note 7), and which the University then applied for the purpose of paying BNY Trust Company of Canada ("BNY"). These funds are held by BNY pursuant to Section 6.01(h) of the Supplemental Trust Indenture, pursuant to which the University's Series A Debentures were issued. The funds held in trust comprise of both fixed income and money market investments.

(a) Credit, interest rate and maturity risk

The value of fixed income securities will and generally rise if interest rates fall and decrease if interest rates rise. Changes in interest rates may also affect the value of equity securities. The fixed income investments consist of various Canadian government and corporate bonds and individual mortgage holdings. The fixed income investments bear coupon rates ranging from 0.0% to 18.2% (2016 – 0.0% to 16.2%) and have maturity dates ranging from April 1, 2017 to December 31, 2099 (2016 - April 1, 2016 to December 31, 2099).

(b) Foreign currency risk

The University is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The University, through its investment management company, hedges against foreign exchange risks. There has been no change in the University's hedging policy from 2016.

(c) Market price risk

Market price risk arises as a result of trading fixed income securities and equities. The value of equity securities change with stock market conditions which are affected by general economic and market conditions. Changes in interest rates may also affect the value of equity securities. Fluctuation in the market exposes the University to a risk of loss.

(d) Liquidity risk

Money market investments represent instruments in highly liquid investments that are readily converted into known amounts of cash. The University invested in equity and fixed income investments that are traded in an active quote market.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

4. CAPITAL ASSETS

Capital assets consist of:

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	**$ 8,456,815**	**$ -**	**$ 8,456,815**	$ 8,456,815
Buildings	**391,635,686**	**99,892,925**	**291,742,761**	301,392,709
Building renovations	**23,736,562**	**14,036,922**	**9,699,640**	10,667,447
Leasehold improvements	**3,384,669**	**1,175,838**	**2,208,831**	2,447,881
Parking	**981,955**	**24,549**	**957,406**	-
Furniture and fixtures	**15,773,902**	**14,653,785**	**1,120,117**	1,548,679
Laptops	**17,806,821**	**13,914,354**	**3,892,467**	4,846,414
Computer equipment	**15,502,947**	**13,529,506**	**1,973,441**	2,462,042
Vehicles	**263,669**	**147,729**	**115,940**	23,104
Major equipment	**67,482,124**	**39,924,751**	**27,557,373**	31,133,538
Construction-in-progress	**18,615,268**	**-**	**18,615,268**	257,702
	$ 563,640,418	**$ 197,300,359**	**$ 366,340,059**	**$ 363,236,331**
Assets under capital leases:				
Land	**2,300,000**	**-**	**2,300,000**	2,300,000
Buildings	**35,689,192**	**4,389,625**	**31,299,567**	31,974,894
Total	**$ 601,629,610**	**$ 201,689,984**	**$ 399,939,626**	**$ 397,511,225**

Included in land and buildings are two specific assets donated to the University in 2009 and 2010 respectively (2009 – Dulemba Property: Land $325,000; 2010 - Regent Theater: Land $300,000 and Buildings $1,550,000).

Amortization of assets under capital leases for the current year totaled $675,327 (2016 - $675,327).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $2,170,589 (2016 – $197,054), relating to payroll related taxes.

6. DEFERRED REVENUE

Deferred revenue represents revenues related to expenses of future periods. The balance comprised the following:

		2017		2016
Tuition	$	**7,974,934**	$	7,571,838
Research		**5,419,572**		5,089,911
Donations		**3,310,874**		3,498,594
Ancillary		**2,601,233**		3,011,325
Other		**1,572,107**		1,186,611
	$	**20,878,720**	$	20,358,279

7. OTHER LONG-TERM DEBT

The University has incurred debts in the amount of $6,390,043 through third parties related to the financing of the debenture (offset by amounts held in trust, as disclosed in Note 3 and Note 9), lab equipment and leasehold improvements in our downtown locations. Other long-term debt comprised the following:

		2017		2016
Unsecured loan, bearing fixed interest rate at 2.77% per annum, repayable semi-annually, with final instalment due October 15, 2017	$	**5,501,181**	$	10,611,425
Other unsecured loans, payable monthly / quarterly over a period of 3 months to 24 years and at interest rates ranging from 0% to 9.3%		**888,862**		1,256,276
	$	**6,390,043**	$	11,867,701

Total principal repayments in each of the next five years and thereafter for other long-term debt are as follows:

2018	$	5,707,308
2019		132,672
2020		124,139
2021		124,398
2022		124,683
Thereafter, through 2041		176,843
		6,390,043
Less: current portion		5,707,308
	$	682,735

7. OTHER LONG-TERM DEBT (continued)

The fair value of the other long-term debt is approximately $6,499,000 (2016 - $12,198,000). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

8. OBLIGATIONS UNDER CAPITAL LEASES

The University entered into capital leasing arrangements on two properties in downtown Oshawa to accommodate the growth in student population. Capital lease repayments are due as follows:

2018	$ 3,719,641
2019	3,746,878
2020	3,774,388
2021	3,861,463
2022	3,931,876
Thereafter, through 2041	69,438,743
Total minimum lease payments	88,472,989
Less: amount representing interest at rates ranging from 6.50% to 9.30%	49,800,227
Present value of net minimum capital lease payments	38,672,762
Less: current portion of principal obligations	505,413
	$ 38,167,349

Interest of $3,247,346 (2016 - $3,257,541) relating to capital lease obligations has been included in interest expense. The total amount of assets under capital leases is $37,989,192 (2016 - $37,989,192) with related accumulated amortization of $4,389,625 (2016 - $3,714,298).

The fair value of the capital leases is approximately $42,125,000 (2016 - $42,689,000). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

9. LONG-TERM DEBENTURE DEBT

On October 8, 2004, the University issued Series A Debentures in the aggregate principal amount of $220,000,000. These debentures bear interest at 6.351%, payable semi-annually on April 15 and October 15, with the principal due in 2034. The proceeds of the issuance were used to finance capital projects including the construction of three Academic Buildings, a Library and related infrastructure. These debentures are secured by all assets of the University and are guaranteed by Durham College.

The debt is funded through special one-time grants from the Ministry of Training, Colleges and Universities ("MTCU"), and by the University's operating funds.

On August 12, 2011, an agreement was signed between the University and MTCU whereby the Ministry shall pay the University $13,500,000 each year in equal semi-annual payments of $6,750,000 in April and October to fund the repayment of the debentures. The agreement took effect on April 1, 2011 and the grant will continue until the maturity of the debentures in October 2034.

Total principal and interest paid on the debenture to March 31, 2017 is $198,012,070 (2016 - $181,511,064), $155,987,712 funded by MTCU and $42,024,358 funded by the University.

The University has deposited a minimum of $50,000,000, less the aggregate principal repaid to-date of $44,498,819. The fair value of funds amounting to $5,492,041 are held in trust on behalf of the University (Note 3).

As at March 31, 2017, $217,431,043 (2016 - $217,431,043) had been used to finance capital assets.

2018	$ 5,439,949
2019	5,790,925
2020	6,164,546
2021	6,562,273
2022	6,985,660
Thereafter, through 2034	144,557,828
Total minimum payments	175,501,181
Less: current portion	5,439,949
	$ 170,061,232

The fair value of the long-term debenture debt is approximately $213,200,000 (2016 - $225,834,000). Fair value has been calculated using the future cash flows of the actual outstanding debt instrument, discounted at current market rates available to the University.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants and donations for the purchase of capital assets.

The changes in the balance consist of the following:

	2017	2016
Balance - beginning of year	$ **162,285,684**	$ 170,092,845
Contributions	**11,092,140**	898,331
Recognized as revenue during the year	**(8,796,000)**	(8,705,492)
Balance - end of year	$ **164,581,824**	$ 162,285,684

11. GRANT REVENUES – OPERATING AND RESEARCH

Grant revenues consist of the following:

	2017	2016
Operating	$ **60,150,163**	$ 59,191,734
Externally funded research	**9,640,388**	9,172,477
Total grant revenues	$ **69,790,551**	$ 68,364,211

12. PURCHASED SERVICE COSTS

Under a shared service agreement, the University purchases certain administrative services from Durham College. The cost of salaries, benefits and operating expenses purchased by the University are calculated based on a combination of individual percentage and actual cost by service area.

The ancillary operations are managed by Durham College and a portion of the net contribution is allocated to the University based on agreed metrics.

Amounts invoiced from Durham College for purchased services expense, including expense from ancillary operations, are recorded as expenses under “Purchased Services” in the consolidated financial statements. Revenues from ancillary operations are recorded as revenues and are included under “Revenues from purchased services” in the consolidated financial statements.

On March 11, 2015, the University and Durham College signed a Service Level Agreement (“SLA”) covering Facilities and Ancillary, Information Technology Services and Student Services. This SLA outlines the guiding principles, work description documents to be adopted by both institutions and the methodology to determine administrative overhead costs.

12. PURCHASED SERVICE COSTS (continued)

On February 19, 2016, the University and Durham College amended the SLA signed on March 11, 2015 only to the extent of a change in the monthly payment schedule to Durham College.

The balance owing to Durham College for purchased services costs, included in accounts payable and accrued liabilities, is non-interest bearing with no fixed terms of repayment, and will be paid during the next fiscal year.

13. INVESTED IN CAPITAL ASSETS

Investment in capital assets represents the following:

	2017	2016
Capital assets - net book value	$ 399,939,626	$ 397,511,225
Less amount financed by deferred capital contributions	(164,581,824)	(162,285,684)
Less amount financed by long-term debt (Notes 7, 8 and 9)	(214,455,489)	(220,229,249)
Total investment in capital assets	**$ 20,902,313**	$ 14,996,292

	2017	2016
Net change in investment in capital assets:		
Purchases of capital assets	$ 28,175,619	$ 9,349,915
Amounts funded by:		
Deferred capital contributions	(11,092,140)	(898,331)
Long-term debt	-	(268,462)
Repayment of long-term debt	4,885,943	4,894,123
	$ 21,969,422	$ 13,077,245

	2017	2016
Amortization of deferred capital contributions related to capital assets	$ 8,796,000	$ 8,705,492
Less amortization of capital assets	(24,859,401)	(26,190,578)
	$ (16,063,401)	$ (17,485,086)
Net change during the year	**$ 5,906,021**	$ (4,407,841)

14. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are funds restricted by the University and approved by the Board for future commitments for the appropriation of internally-funded research and for projects to improve and invest in the University's campus facilities, working capital and student aid. Re-purposing or increasing such restrictions is subject to Board approval.

Details of the internally restricted net assets are as follows:

	2017	2016
Balance comprised of the following:		
Research related activities	**$ 4,971,799**	$ 4,790,319
Capital related activities	**14,665,688**	21,545,491
Student awards	**1,000,000**	625,065
Working capital	**6,000,000**	6,000,000
Faculty carry-forwards	**1,604,000**	1,723,000
Fundraising campaign	**1,505,000**	-
Other	**1,827,220**	1,608,643
	$ 31,573,707	$ 36,292,518

15. ENDOWMENTS

Endowment funds are restricted donations received by the University where the endowment principal is required to be maintained intact. The investment income generated from these endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments is deferred and recorded in the Consolidated Statement of Operations when the donors' conditions have been met and the related expenses are recognized.

Endowment funds include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS"). Under these programs, the government matches funds raised by the University. The purpose of these programs is to assist academically qualified individuals who, for financial reasons, would not otherwise be able to attend University. On January 5, 2012, the Minister of Education announced that the OTSS would be discontinued as of the end of Fiscal 2012 fundraising year.

15. ENDOWMENTS (continued)

The balance of endowments consists of the following:

		2017		2016
OSOTF	$	**1,916,037**	$	1,889,749
OTSS		**15,041,001**		14,162,128
Other		**2,659,682**		2,119,783
	$	**19,616,720**	$	18,171,660

The change in the balance of endowments is as follows:

		2017		2016
Endowment fund balance, beginning of year	$	**18,171,660**	$	16,226,506
Donations		**1,021,332**		1,237,221
Realized gains		**383,748**		569,393
Realized investment income		**503,190**		505,380
Income distributions		**(463,210)**		(366,840)
Endowment fund balance, end of year	$	**19,616,720**	$	18,171,660

As per the Ministry of Advanced Education and Skills Development policies, the transactions related to OSOTF and OTTS should be presented in these financial statements, for the year ended March 31, 2017.

Schedule of Changes in Endowment Fund Balance		OSOTF		OTTS		Total 2017		Total 2016
Endowment balance, beginning of year	$	**1,589,684**	$	**12,874,662**	$	**14,464,346**	$	13,927,492
Eligible cash donations		**-**		**534,671**	$	**534,671**		387,429
Preservation of capital		**22,500**		**207,408**	$	**229,908**		149,425
Endowment fund balance, end of year	$	**1,612,184**	$	**13,616,741**	$	**15,228,925**	$	14,464,346

Schedule of Changes in Expendable Funds Available for Awards		OSOTF		OTTS		2017		2016
Expendable balance, beginning of year	$	**300,064**	$	**1,287,467**	$	**1,587,531**	$	1,081,328
Realized investment income		**74,289**		**700,412**	$	**774,701**		1,012,468
Less: Preservation of capital		**(22,500)**		**(207,408)**		**(229,908)**		(149,425)
Bursaries awarded		**(48,000)**		**(356,211)**		**(404,211)**		(356,840)
Expendable balance, end of year	$	**303,853**	$	**1,424,260**	$	**1,728,113**	$	1,587,531

In the current year, 253 bursaries valued at $463,210 were disbursed from the total endowed funds (2016 – 226 bursaries valued at $366,840).

16. PENSION PLAN

All employees of the University are members of a defined contribution pension plan. Employees must contribute a minimum of 3% of their earnings to this plan with the option at the employee's discretion, to increase these contributions to a total of 6% of contributory earnings. The University must contribute a minimum of 6% and may contribute a maximum of 8% of contributory earnings to this plan, depending on the employee's election of 2%. Contributions made by the University to the pension plan during the year were $4,773,201 (2016 - $4,676,889).

17. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

(a) Contingencies

The University has been named as the defendant in certain legal actions, in which damages have been sought. The outcome of these actions is not determinable as at March 31, 2017 and, accordingly, no provision has been made in these consolidated financial statements for any liability which may result.

(b) Contractual Commitments

Future minimum lease payments, exclusive of taxes and operating costs, for premises and equipment under operating leases at March 31, 2017 are as follows:

2018	$	1,715,992
2019		1,591,975
2020		1,591,975
2021		1,597,718
2022		1,601,820
Thereafter		6,633,392
	$	14,732,872

18. COMPARATIVE INFORMATION

Certain comparative information have been reclassified to conform to the presentation adopted in the current year.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY
Financial Update – Report to Audit and Finance Committee – June 12, 2017
For the year ended March 31, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

Cash and short-term investments increased $14.3m and is due to under-spending in the current year, coupled with timing of payment of large invoices expensed at year-end and paid after year-end. These include $5.0m of Ellis Don invoices for the construction of SIRC paid in Apr and May 2017, and $2.1m of payroll deduction expense paid in Apr 2017.

Grant receivable balance of $6.2m includes $4.6m Collaborative Nursing (CN) grant for FY16/17, funded on a slip-year basis and hence received in FY17/18 and $1.6m of external research grants all of which are current. Increase of $0.8m over the PY relates mostly to external research grant expenses incurred in the fiscal year and receivable from agencies at the end of the FY.

Other accounts receivable includes student and trade receivables. Y/E balance of $7.6m includes $2.6m of student A/R (of which $1.8m relates to fall 2016 and winter 2017 and $0.8m to spring 2016 and prior), $1.7m of current trade A/R, other current receivables comprising $0.8m of sales tax recoverable, $0.7m COU application fees received in April 2017, $0.6m ACE, and other balances, none exceeding $0.5m.

Investment balance of $29.6m is comprised of $24.1m endowed funds held at PH&N and $5.5m from MoF held in trust at BNY. The decrease of $1.3m includes a decrease of $5.1m used to repay the MoF loan in the CY (**see Other Long Term Debt note under Liabilities below**) offset by a net increase of $3.8m in endowed funds (new in-year donations $1.6m which includes $0.4m donated shares, investment income $1.0m, M2M unrealized gain $1.7m, offset by bursary disbursements $0.5m).

Capital assets increase of $2.4m includes net additions of $21.0m, offset by accumulated amortization of $18.6m. Additions comprise $18.5m WIP ($15.9m SIRC & $2.6 rolling road), $3.7m laptop purchases net of $6.6m disposals, $2.2m equipment, $2.4m building, parking, lab renovations and FFE and $0.8m computer equipment.

Liabilities

Accounts payable and accrued liabilities increase of $10.4m includes $6.2m increase in accounts payable due to the timing of payment of invoices, including $5.5m to Ellis Don for the construction of SIRC, $2.1m March 2017 payroll deductions paid in April, $1.8m of SIRC construction and warranty holdbacks and $1.3m administrative leave earned by senior academics. These increases are offset by $0.6m decrease due to Durham College for shared services and other increases / decreases, none exceeding $0.5m.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

Deferred Revenue relate to revenues deferred to the following year as these have not yet been earned at year-end or will be recognized as revenue in the year in which related expenses are incurred. Year-end balance of $20.9m includes $8.0m deferred tuition representing 1/4 of winter fees not yet earned, $5.4m of externally funded research revenues, $3.3m of expendable donations, $2.7m of deferred TELE surplus, and $1.5m of miscellaneous deferred revenues.

Other long-term debt decrease of $5.5m includes $5.1m repayment of the MoF loan in the CY (**see Investment note under Assets above**) and other repayments, none of which exceeds $0.25m. Balance of $6.4m comprises $5.5m MoF loan, which is fully payable in October 2017.

Decrease in obligations under capital lease represents the lease repayments for 61 Charles and 55 Bond in the current year.

Decrease in long-term debenture debt of $5.1m relates to the principal repayment and resulting drawdown of the debt in the current year. This debt is fully payable in October 2034.

Increase in deferred capital contributions of $2.3m includes new capital grant of $11.1m received in the current year, offset by $8.8m YTD amortization into revenues of all capital grants received since inception of the University. New capital grants received include $7.6m SIF grant for SIRC construction, $2.3m for the Moving Ground Plane, $0.7m for building and lab maintenance, and $0.5m Graduate Expansion Grant.

CONSOLIDATED STATEMENT OF OPERATIONS

Revenue

Total Revenue increased $10.8m (5.6%) over last year, and includes:

(i) Grant revenue increase of $1.4m, comprising of $0.8m undergraduate accessibility grant to support YOY enrolment domestic growth of 265 FTE and $0.6m increase in external research grant.

(ii) Student tuition fees increase $5.1m, attributable to the YOY increase in FTE (approx. $2.8m), coupled with average 3% YOY increase in tuition fees (approx. $2.3m).

(iii) Other income increase of $1.4m includes $1.1m increase in ACE revenue due to higher % of commercial clients. Total other income of $13.6m includes $4.0m ACE, $3.2m of revenues from our share of the collaborative nursing program with Durham College, $1.5m arena and fieldhouse revenues, $0.9m of student application fees from COU, and other amounts none of which exceeds $0.5m.

(iv) Unrealized gain on investment increase of $3.1m is due to strong performance of the equity market in the current year relative to the weak performance of the overall market in the prior year, offset by

(v) Other increases / decreases, none exceeding $1.0m.

CONSOLIDATED STATEMENT OF OPERATIONS (continued)

Expenses

Total Expenses increased \$1.5m (0.8%) over last year, and includes:

(i) Salaries and benefits increase of \$2.3m includes \$2.3m annual salary increases effective July 1, 2017, \$1.3m earned administrative leave, \$0.4m increase in sessionals & teaching assistants to support increased student FTE and \$0.3m in net new hires (4 faculty and 1 non-faculty). These increases are offset by \$0.9m savings due to vacant positions (2 Deans, one of which was hired late Q4 and 5 unfilled administrative positions), \$0.8m in one-time retro payment to faculties as part of the collective agreement and salary accruals in the prior year, and \$0.3m consumption of vacation accruals. This is offset by,

(ii) Amortization of capital assets decrease of \$1.3m is due to a decrease in the capital asset base resulting from a number of assets that are fully depreciated in the current year, coupled with a higher number of laptops disposed as a result of "BYOD", and

(iii) Other increases / decreases, none exceeding \$1.0m.

II. FINANCIAL METRICS

The Ministry has adopted 5 financial metrics to assist with assessing university financial health and sustainability. The 2014 – 15 metrics have been included in the 2015 – 16 SMA (Strategic Mandate Agreement) report-back cycle to the Ministry in November 2016.

The table below shows the financial metrics for the University for the 3 fiscal years 2015, 2016 and 2017. Also included are the average comparator and average sector metrics for fiscal year 2016 (latest published data). The average comparator includes the data for what is classified as "small" universities based on student FTE ('Full-time equivalents"). The small sector universities comprise of 7 universities: Algoma, Lakehead, Laurentian, Nipissing, OCADU, Trent and UOIT.

Financial Metrics	Actual 2015	Actual 2016	Actual 2017	Average comparator 2016	Average sector 2016
Net Income/Loss Ratio (1)	4.5%	1.7%	6.2%	-0.4%	2.5%
Net Operating Revenues Ratio (2)	11.1%	10.9%	18.1%	2.6%	6.6%
Primary Reserve Ratio (days) (3)	14	27	40	24	94
Interest Burden Ratio (4)	10.0%	9.4%	8.9%	3.3%	2.3%
(b) IBR w MTCU funding	2.4%	2.2%	2.0%	n/a	
Viability Ratio (5)	3.1%	6.4%	10.0%	11.8%	154.7%

Financial Metrics Analysis

1. Net Income / Loss ratio - tracks the trend in UOIT's net earnings.

UOIT continues to show positive net earnings ratio in 2016 - 2017 due to its surplus revenues over expenses, as a result of growth and savings from open faculty positions and planned capital reserves.

II. FINANCIAL METRICS (continued)

2. Net Operating Revenues ratio – indicates the extent to which UOIT is generating positive cash flows in the long-run to be financially sustainable.

This ratio has improved over the prior year due to UOIT's improved cash position, which is as a result of its operating surplus coupled with an increase in its working capital primarily due to the timing of payment of large invoices (e.g. $5.0m of Ellis Don invoices paid after year-end).
.

3. Primary Reserve ratio – indicates UOIT's financial strength and flexibility by determining the number of days UOIT could function using its resources that are can be expended without restrictions.

Primary reserve ratio improvement over the prior year is due to UOIT's increase in its expendable net assets (unrestricted and internally restricted net assets) as a result of the current year operating surplus.

4. Interest Burden ratio ("IBR") – indicates UOIT debt affordability and the cost of servicing debt

UOIT's interest burden is improving as it pays back its long-term debt obligations without entering into any new debt. The cost of servicing UOIT's debt is above the comparator due to its much higher debt obligations.

4b. Interest Burden with MTCU funding ratio – the "IBR" has been re-stated to reflect an annual "institution-specific" grant of $13.5m from the Ministry to fund the University's debenture debt. Therefore, interest expense on the debenture has been removed from the total interest expense, used in the calculation of "IBR".

Including the impact of the Ministry funding, UOIT's interest burden ratio is more in line with the average comparator and average sector ratios.

5. Viability ratio - determines UOIT's financial health, as it indicates the funds on hand to settle its long-term obligations.

This ratio has improved as UOIT continues to experience operating surplus, and hence improved expendable net assets, coupled with reduced debt obligations.

II. FINANCIAL METRICS (continued)

(1) Net Income/Loss Ratio

$$\frac{\text{Total Revenues less Total Expenses}}{\text{Total Revenues}}$$

Measures the percentage of UOIT's revenues that contribute to its net assets. The objective is to track trends in UOIT's net earnings

(2) Net Operating Revenues Ratio

$$\frac{\text{Cash flow from Operating Activities}}{\text{Total Revenues}}$$

Indicates the extent to which UOIT is Generating positive cash flow in the long-run to be financially sustainable.

.

(3) Primary Reserve Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}} \text{ x 365 days}$$

Indicates UOIT's financial strength and flexibility by determining the number of days UOIT can function using only its resources that can be expended without restrictions. Expendable net assets include: Unrestricted surplus (deficit), internally restricted net assets and endowments.

.

(4) Interest Burden Ratio

$$\frac{\text{Interest Expense}}{\text{Total Expenses - Depreciation}}$$

Indicates debt affordability as it examines the percentage of total expenses used to cover UOIT's cost of servicing debt

(5) Viability Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

Determines UOIT's financial health as it indicates the funds on hand to settle its long-term obligations. Long-. Term Debt is total external long-term debt, excluding the current portion of debt.

University of Ontario Institute of Technology

lll. 2016-17 Operating Summary (in '000 s)

For the year ended March 31, 2017

	April 1, 2016 - March 31, 2017								
	Total Annual Budget	Y/E Forecast	Actuals	Fav. (Unfav.) Actual vs Budget $ / %		Fav. (Unfav.) Forecast v/s Budget $ / %		Fav. (Unfav.) Actual vs Forecast $ / %	
Revenue									
Grants	76,297	77,102	78,968	2,671	4%	805	1%	1,867	2%
Tuition	74,266	74,513	76,467	2,202	3%	248	0%	1,954	3%
Student Ancillary	14,025	13,449	13,822	(203)	-1%	(576)	-4%	374	3%
Other	14,903	16,057	17,187	2,284	15%	1,154	8%	1,130	7%
Total Revenue	**$ 179,491**	**$ 181,121**	**$ 186,445**	**$ 6,954**	**4%**	**$ 1,630**	**1%**	**5,324**	**3%**
Expenditures									
Academic/ACRU	67,164	65,370	64,115	3,049	5%	1,794	3%	1,255	2%
Academic Support	33,261	32,983	32,815	446	1%	278	1%	168	1%
Administrative	31,676	26,854	26,348	5,328	17%	4,822	15%	506	2%
Total UOIT Pure	**$ 132,100**	**$ 125,206**	**$ 123,277**	**$ 8,823**	**7%**	**$ 6,894**	**5%**	**$ 1,929**	**2%**
Purchased Services	**14,032**	**14,154**	**13,618**	**414**	**3%**	**(122)**	**-1%**	**537**	**4%**
Total Ancillary/Commercial	**9,632**	**9,340**	**9,510**	**122**	**1%**	**293**	**3%**	**(170)**	**-2%**
Total Other Expenses	**11,391**	**11,242**	**11,242**	**149**	**1%**	**149**	**1%**	**0**	**0%**
Total Operating Expenses	**$ 167,155**	**$ 159,942**	**$ 157,647**	**$ 9,508**	**6%**	**$ 7,213**	**4%**	**$ 2,295**	**1%**
Net Contribution from Operations	**$ 12,336**	**$ 21,179**	**$ 28,799**	**$ 16,462**	**133%**	**$ 8,843**	**72%**	**$ 7,619**	**36%**
Cash outflows for items classified on the Balance Sheet									
Capital Expenses funded from Operations	**7,226**	**10,062**	**10,037**	**(2,811)**	**-39%**	**(2,837)**	**-39%**	**25**	**0%**
Principal Repayments - debenture/leases	**5,110**	**5,070**	**5,110**	**(0)**	**0%**	**40**	**1%**	**(40)**	**-1%**
Net Surplus from Operations	**$ 0**	**$ 6,047**	**$ 13,651**	**$ 13,651**	**172%**	**$ 6,047**	**0%**	**$ 7,604**	**126%**
Other disclosure: SIRC Building (not funded from Operating Budget)									
Capital Grant	**-**	**5,042**	**7,567**	**7,567**	**-**	**5,042**	**-**	**2,525**	**50%**
Internally-Restricted Reserves	**-**	**7,810**	**9,434**	**9,434**	**-**	**7,810**	**-**	**1,624**	**21%**
Capital Expenses	**-**	**12,852**	**17,001**	**(17,001)**	**-**	**(12,852)**	**-**	**(4,149)**	**-32%**

Reconciliation to Y/E GAAP FS:	
Net contribution from Operations	**$ 28,799**
Revenues not budgeted:	
Externally funded research donations and revenues	10,514
Expenses not budgeted:	
Externally funded research expenses	(9,364)
Non-cash transactions:	.
Amortization of capital assets	(24,859)
Amortization of deferred capital contributions	8,796
Unrealized gain on investments	1,702
Capital Grants accounted for as Deferred Capital Contribution on the balance sheet	(2,985)
Excess revenues over expenses - as per GAAP Financial Statements	**$ 12,604**

lII. 2016-17 Operating Analysis

The operating surplus, after capital expenses, debenture and lease payments, is $13.6m against a 2016 - 17 balanced budget.

The 2016 - 17operating budget did not include the impact of the construction of the new SIRC Building, and hence this is shown separately under "Other Disclosure".

Below is a summary of the variances of the year-end actual relative to the approved budget.

Enrolment

FTE's	2016 - 17 Approved Budget	2016 -17 Projection	2016 - 17 Actual	Variance to Approved Budget
Undergraduate				
Domestic	7,876	7,894	7,949	73
International	431	444	469	38
Graduate				
Domestic	388	376	369	-19
International	137	133	129	-8
Total FTE's	8,832	8,847	8,916	84

Our actual enrolment data shows a net 84 FTE against a budget of 8,832 FTE with the most significant growth (net 62 FTE) in the Faculty of Engineering and Applied Science.

Revenues

Grants are favourable to budget $2.7m, of which

(i) $0.8m was included in the Q3 forecast ($2.2m grant received in Dec 2016 from MEDG for the purchase of the Moving Ground Plane, offset by decrease $0.7m relating to the teacher's enrolment grant which was erroneously included twice in the budget, and decrease of $0.6m facilities renewal grant re-allocated to the SIRC construction as approved by the Ministry).

(ii) Additionally, there is a $1.9m favourable variance to forecast which includes $1.4m of undergraduate accessibility grant received in the fiscal year due to enrolment growth, and $0.5m of higher than forecast miscellaneous grants, none of which exceeds $0.1m.

llI. 2016-17 Operating Analysis (continued)

Tuition is favourable to budget $2.2m. This includes $0.7m due to growth and $1.5m positive variance as the budget model for 2016-17 was understated for the calculation of the Faculty of Engineering tuition fees and "student drops". This has been adjusted for future enrolment modelling.

Other Revenue, including purchased services, is favourable $2.3m to budget, of which

(i) $1.2m was included in the Q3 forecast ($0.6 COU application fees budgeted conservatively in 2016-17, $0.3m more in parking revenues).

(ii) Additionally, actual is favourable $1.1m to forecast and includes miscellaneous additional revenues, none exceeding $0.2m (ACE commercial revenue due to increased use of climatic wind tunnel, higher than forecast number of events at the Regent Theater).

Expenditures

The Academic/ACRU units are showing a positive variance of $3.0m to budget, of which

(i) $1.8m was recognized in Q3 forecast, mostly relating to open faculty positions in the Faculties of Business and IT, Engineering and Health Science.

(ii) In addition, there is a $1.2m variance of actual to forecast which includes $0.4m in faculty part-time salary savings, $0.3m in general OPEX savings, $0.3m undistributed graduate awards, $0.2m underspending in faculty start-up and professional development and other immaterial variances.

The Administrative units are $5.3m favourable to budget. This includes

(i) $4.8m which was recognized in the Q3 forecast ($3.9m release of unused operational contingency and capital reserves, $0.5m job evaluation reserve not utilized in the current year, and other immaterial variances).

(ii) In addition, there is a $0.5m favourable variance to forecast. This includes $1.7m underspending in various areas: $0.6m Finance/Central (benefit recovery and agency collection fees), $0.6m External Relations (contract services, promotion), $0.5m in Facilities (repairs and maintenance and general expense), offset by $1.2m additional administrative leave expense.

Purchased Services is favourable $0.4m to budget due to a duplication of thermal energy charges in the utilities budget from Durham College.

llI. 2016-17 Operating Analysis (continued)

Capital Expenses funded from Operations are unfavourable $2.8m to budget and includes $2.6m disbursed in Sep 2016 to Old Dominion University for the purchase of the Moving Ground Plane (rolling road). The cost of the rolling road was funded by a $2.5m grant from MEDG, of which $2.25m was received in Nov 2016.

Other Disclosure: SIRC Building

The total costs incurred for the project in 2016 – 17 are $17.0m, of which $7.6m is funded through the "SIF" grant and $9.4m through prior year internally restricted reserves.

Capital grant is favourable to forecast as the University received $4.0m from MAESD on March 31, 2017 (v/s an expected $1.475m as per the agreement with the Province), as a result of the Ministry shifting funds to those projects that are in a more advanced stage of construction.

Construction costs are $4.1m unfavourable as the forecast did not include the accrual of $2.3m work done by Ellis Don in March 2017 (invoiced in April 2017) and $1.8m of construction and warranty holdback liability.

Operating Surplus v/s GAAP Surplus

There are a number of accounting adjustments that are not included in the Board approved operating budget (e.g. externally funded research grants, amortization of capital assets and amortization of capital grants received). Including the impact of these accounting transactions, the operating surplus on a GAAP (generally accepted accounting principles) basis is $12.6m.

IV. CAPITAL

This section provides an overview of Board approved capital projects over $1.0m.

A. Software and Informatics Research Centre ("SIRC")

In March 2016, UOIT's Board of Governors approved the award of the design and build of a new building ("SIRC") to Ellis Don Corporation, and also approved the completion of the preliminary design phase.

On June 29, 2016, the Board approved the construction and fit-out of the new 4-floor "SIRC" building at a total cost not to exceed $26.3m for the first phase (construction and fit-out of the first 2 floors), and not to exceed a further $7.0m for the fit-out of the remaining 2 floors, the latter being subject to approval of UOIT's application for "SIF" (Strategic Investment Fund) funding.

On September 14, 2016, UOIT signed an agreement with the Province which was made effective as of May 9, 2016. This Ontario Transfer Payment Agreement confirmed a "SIF" funding of $13,001,890 ($11,801,890 Federal Funds and $1,200,000 Ontario Funds). The Ministry formally announced this infrastructure funding for UOIT on October 13, 2016.

The target date for completion of the 4 floors fully fitted-out is Nov 2017, with occupancy in Jan 2018.

As at March 31, 2017, the total costs incurred on the SIRC project amount to $17.0m against a total budget of $33.5m. The expenses incurred includes $5.0m of invoices for work done in the fiscal year and paid after year-end, and $1.8m of construction and warranty holdbacks.

Please see separate report for details of SIRC actual cash flow, budget and forecast to completion date.

B. Moving Ground Plane ("MGP")

In June 2016, UOIT's Board of Governors approved the completion of an agreement of purchase and sale with the Old Dominion University ("ODU") for the acquisition of a moving ground plane ("MGP") at a cost of no more than $2.5m in accordance with the terms of a grant of $2.5m funded by the Ministry of Economic Development and Growth ("MEDG").

UOIT has also submitted an application to FedDev for additional funding of approximately $10.2m and is working with industry partners (e.g. Magna and Multimatic) to complete the funding requirements for the installation and integration of the MGP into the ACE facility. This project does not include the use of the University's operational funds.

IV. CAPITAL (continued)

It was anticipated that installation of the MGP at the ACE facility would be completed in late 2017 and become operational as of early 2018.

MGP Progress Update

- The University has paid ODU USD 2.0m in settlement for the equipment in September 2016, and has received CAD 2.25m (CAD 2.5m less 10% holdback) from the Ministry of Economic Development and Growth in November 2016.

- All components of the rolling road are now at the Multimatic location.

- In fall 2016, FedDev declined UOIT’s application for additional funding of $10.2m. Executive Management is currently conducting active discussion with the Province, Federal Government and our industry partners. .

V. CASH FLOW

The University administration uses a cash management forecasting model to manage its operating cash balances and operating short-term investment portfolios.

University cash balances are cyclical in nature with higher balances in September & October and January & February due to tuition fee collection from the fall and winter semester registration, and lower balances during the late spring and early summer months.

In September 2014, and as approved by the Board, the University invested $16.0m surplus operating cash in short-term GIC’s at BMO Nestbitt Burns, of which $6.0m has a renewable maturity date of 30 days and $10.0m has a maturity date of 1 year.

In April 2015, the University transferred $1.1m from BNY to RBC Wealth Management and these were invested in annual GIC’s.

The University has the following line of credit (LOC) facility agreements:

- A revolving operating LOC of up to $17.0m, bearing interest at prime plus 0.25% with a Canadian chartered bank.
- A revolving operating LOC up to $5.0m, bearing interest at prime plus 0.25% with IBM.

Cash Flow Update

- UOIT has not utilized its available line of credit at the end of the fiscal year.

- To provide flexibility for major capital project funding, and in Oct 2016, Management has re-invested the $16.0m GIC’s at BMO Nesbitt Burns, plus all interest earned to date, in 30-day cashable GIC’s.

  In addition, $1.1m at RBC was re-invested into GIC’s with a one-year maturity date on June 12, 2017.

- **Operating cash balance,** including short-term investments, is $46.5m at the end of the fiscal year.

- **Externally and internally restricted cash balances** (including, Research, Advancement, Campus Childcare, Regent Theater, and ACE) is $10.6m at the end of the fiscal year.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY

Cash Flow Summary for the year ended March 31, 2017

		Actual	Actual	Actual	Actual			Total Actual	
		Apr - Jun 2016	Jul - Sep 2016	Oct - Dec 2016	Jan 2017	Feb 2017	Mar 2017	FY 2016-17	
		$ 000 s	$ 000 s	$ 000 s	$ 000 s	$ 000 s	$ 000 s	$ 000 s	
Operating Beginning Cash Balance	A	$ 14,918	$ 3,234	$ 23,209	$ 10,203	$ 32,834	$ 28,110	$ 14,918	
Total Operating Inflows	B	35,107	62,752	35,017	35,884	8,751	10,978	188,489	
Total Operating Outflows	C	(46,381)	(41,692)	(47,874)	(12,186)	(9,506)	(14,124)	(171,763)	
Net Operating Cash Flows	D=B+C	(11,274)	21,060	(12,856)	23,698	(755)	(3,146)	16,727	
Total Operating Cash Available	E=A+D	3,644	24,294	10,353	33,901	32,079	24,963	31,645	
SIRC Building Outflows	F	(410)	(1,085)	(3,100)	(1,685)	(3,969)	(34)	(10,283)	
SIRC Buidling Inflows	G			2,950	617	0	4,000	7,567	
Net SIRC Building	H=F+G	(410)	(1,085)	(150)	(1,068)	(3,969)	3,966	(2,716)	
Operating Ending Cash Balance after SIRC	I=E+H	3,234	23,209	10,203	32,834	28,110	28,929	28,929	N1
Total Internally and Externally Restricted Cash	J	10,722	10,528	11,203	10,903	10,851	10,571	10,571	N2
Total Consolidated Cash Position	K=I+J	$ 13,957	$ 33,737	$ 21,406	$ 43,736	$ 38,961	$ 39,500	$ 39,500	

Total cash position as at MAR 31, 2017	$	
Total Operating Cash after SIRC	28,929	N1
Add: Short-term investments in GIC's	17,593	
Total Operating Cash and ST investments	$ 46,522	
Total Restricted Cash	$ 10,571	N2

VI. LONG-TERM FORECAST

In April 2017, and as part of the annual budget presentation to the Audit and Finance Committee, the Chief Financial Officer presented a long-term forecast for the budget years 2017 – 18 to 2026 – 2027 inclusive.

Assumptions on April 2017 forecast model

- Grant funding as per the new funding formula implemented in 2017 – 18 year.
    - funding held at 2016 – 17 level for the period of SMA 2 (2017-18 to 2019-20)
    - SMA 3 negotiation with MAESD in 2018-19 for growth funding above the corridor in 2022-23.
    - For 2023-24, full funding of growth
- Growth in international undergrad (mostly engineering and business), offset by a slight decline in domestic undergrad.
- Tuition YOY average increase at the current approved rate of 3.0%
- Retention rate held at current rate of 80.3%
- Salary increases as per the new JES and as per faculty collective agreements
- New faculty hires to maintain current student to faculty ratio
- New administrative hires - 2:1 for every new faculty hire
- Faculty headcount annual attrition $0.5m
- TELE transformation to a full "BYOD" model by FY 2019 - 20
- Operational reserves $2.0m + planned capital reserves $2.5m for a total of $4.5m
- 3% YOY increase in utilities
- 2% YOY increase in purchased services cost from Durham College

The operating long-term forecast excludes both the moving ground plane as this project is to be funded through external funding, and the SIRC building as this is fully funded by the SIF grant and UOIT's prior year internally restricted reserves.

Balancing the budget over the long-term

Currently, the long-term forecast shows a slight deficit over the 10-year period with surpluses in Years 1 - 4 used to cover the deficits in the later years.

UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY - LONG-TERM FORECAST

	10 year Forecast										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	17/18 Budget	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	22/23 Fcst	23/24 Fcst	24/25 Fcst	25/26 Fcst	26/27 Fcst	Total Forecast
REVENUES											
Operating Grants	$ 68,228,994	$ 68,287,719	$ 68,281,095	$ 68,278,382	$ 68,252,380	$ 68,989,942	$ 69,492,921	$ 69,995,140	$ 70,671,998	$ 71,472,775	$ 691,951,346
Other Grants	$ 7,469,273	$ 8,452,205	$ 8,658,566	$ 8,658,566	$ 8,658,566	$ 8,658,566	$ 8,658,566	$ 8,658,566	$ 8,658,566	$ 8,658,566	$ 85,190,006
Student Tuition Fees	$ 78,317,803	$ 82,726,233	$ 86,380,233	$ 90,468,808	$ 94,260,163	$ 98,637,682	$ 103,372,176	$ 107,902,891	$ 111,291,263	$ 117,140,098	$ 970,497,350
Student Ancillary Fees	$ 10,690,414	$ 10,705,747	$ 8,963,305	$ 9,012,509	$ 9,063,205	$ 9,434,673	$ 9,536,702	$ 9,608,965	$ 9,698,840	$ 9,785,876	$ 96,500,236
Revenues from Ancillary Operations	$ 3,437,900	$ 3,547,158	$ 3,612,701	$ 3,679,555	$ 3,747,746	$ 3,822,701	$ 3,899,155	$ 3,977,138	$ 4,056,681	$ 4,137,815	$ 37,918,551
Donations	$ 680,000	$ 714,000	$ 749,700	$ 787,185	$ 826,544	$ 867,871	$ 911,265	$ 956,828	$ 1,004,670	$ 1,054,903	$ 8,552,967
Other Revenues	$ 12,619,465	$ 13,005,341	$ 13,202,065	$ 13,422,021	$ 13,538,573	$ 13,550,198	$ 13,563,172	$ 13,570,755	$ 13,588,110	$ 13,607,151	$ 133,666,852
Total Operating Revenues	$ 181,443,849	$ 187,438,403	$ 189,847,666	$ 194,307,027	$ 198,347,177	$ 203,961,634	$ 209,433,957	$ 214,670,284	$ 218,970,128	$ 225,857,184	$ 2,024,277,307
EXPENDITURES **Base Expenditures**											
FT Labour	$ (86,625,327)	$ (90,762,949)	$ (93,933,294)	$ (97,477,518)	$ (101,214,907)	$ (105,434,181)	$ (109,762,757)	$ (114,208,034)	$ (119,447,692)	$ (124,510,520)	$ (1,043,377,178)
PT Labour	$ (16,227,166)	$ (15,859,235)	$ (16,365,750)	$ (17,186,880)	$ (17,623,591)	$ (17,974,710)	$ (18,320,141)	$ (18,654,242)	$ (19,013,672)	$ (19,393,068)	$ (176,618,455)
Operating Expenses	$ (72,527,893)	$ (73,073,319)	$ (73,678,477)	$ (74,442,017)	$ (75,034,641)	$ (75,739,936)	$ (76,473,268)	$ (77,191,426)	$ (77,941,520)	$ (78,538,540)	$ (754,641,037)
Capital Expenses	$ (6,517,993)	$ (5,472,296)	$ (5,750,927)	$ (5,024,927)	$ (5,024,927)	$ (5,024,927)	$ (5,024,927)	$ (5,024,927)	$ (5,024,927)	$ (5,024,927)	$ (52,915,705) $ -
Approved Base Expenditures	$ (181,898,378)	$ (185,167,798)	$ (189,728,448)	$ (194,131,342)	$ (198,898,066)	$ (204,173,754)	$ (209,581,093)	$ (215,078,629)	$ (221,427,811)	$ (227,467,055)	$ (2,027,552,375)
Budget Surplus/(Deficit)	$ (454,530)	$ 2,270,605	$ 119,217	$ 175,686	$ (550,889)	$ (212,121)	$ (147,136)	$ (408,344)	$ (2,457,683)	$ (1,609,871)	$ (3,275,067)
Funded through PY reserves	$ 1,525,904	$ 225,436	$ 648,860	$ 350,004	$ 297,202	$ -	$ -	$ -	$ -	$ -	$ 3,047,406
Total Forecast	$ 1,071,374	$ 2,496,041	$ 768,077	$ 525,690	$ (253,687)	$ (212,121)	$ (147,136)	$ (408,344)	$ (2,457,683)	$ (1,609,871)	$ (227,661)

BOARD REPORT

		Action Required:	
Public:	☒	**Discussion**	☐
Non-Public:	☐	**Decision**	☒

TO: **Audit and Finance Committee**
FROM: **Brad MacIsaac, AVP Planning and Analysis, and Registrar**
DATE: **June 12, 2017**

SUBJECT: 2017 – 2019 Tuition Fees - Addendum

A. Purpose
To obtain the Audit and Finance Committee's recommendation of a tuition fee for the new graduate diploma in Work Disability Prevention.

B. Background

In May 2016 the Faculty of Health Sciences in collaboration with the Canadian Memorial Chiropractic College (CMCC) proposed a new graduate diploma in Work Disability Prevention (WDP) which was accepted by Academic Council. As we are finalizing the partnership agreement, we will be moving forward with the offering of the program fall 2017 providing enough students register. The proposed fee will align with our other cost recovery diploma in education.

The addition to the tuition fees approved at the April 19, 2017 meeting of A&F is as follows:

Credit Based- Domestic

			Rate of Increase	
	2017-2018	**2018-2019**	**16/17 to 17/18**	**17/18 to 18/19**
Diploma in WDP				
Per 3-credit Course	$1,717.29	$1,751.63		2.0%

This graduate diploma focuses on the implementation of new knowledge for practicing professionals working in health-related fields. It specifically targets the societal networks and complexities of return to work coordination. It focuses on unique applications of the biopsychosocial model of return to work. Rather than focusing on just the diagnosis, the program also delves into understanding the root causes of disability.

C. Recommendation

We recommend the Committee's approval of the following motion:

The Audit and Finance Committee hereby recommends the 2017-2019 tuition fees for the graduate diploma in Work Disability Prevention for approval by the Board of Governors.