



**BOARD OF GOVERNORS**  
**Audit & Finance Committee**

**Wednesday, February 19, 2020**

**2:00 p.m. to 5:00 p.m.**

**North Campus, ERC 3023**

**Toll-Free: 1-877-385-4099 Public Passcode: 1028954#**

**Members:** Nigel Allen (Chair), Doug Allingham, Stephanie Chow,  
Dale MacMillan, Steven Murphy, Dietmar Reiner

**Staff:** Becky Dinwoodie, Cheryl Foy, Andrew Gallagher, Les Jacobs,  
Lori Livingston, Brad MacIsaac, Pamela Onsiong

**AGENDA**

No.	Topic	Lead	Allocated Time	Suggested Start Time
	<b>PUBLIC SESSION</b>			
<b>1</b>	<b>Call to Order</b>	Chair		
<b>2</b>	<b>Agenda (M)</b>	Chair		
<b>3</b>	<b>Conflict of Interest Declaration</b>	Chair		
<b>4</b>	<b>Chair's Remarks</b>	Chair	5	2:05 p.m.
<b>5</b>	<b>President's Remarks</b>	Steven Murphy	10	2:10 p.m.
<b>6</b>	<b>Investment Committee Oversight</b>	Stephanie Chow	20	2:20 p.m.
6.1	Quarterly Report			
6.2	Statement of Investment Policies Amendment* (M)			
6.3	Endowment Disbursement* (M)			
<b>7</b>	<b>Finance</b>			
7.1	Third Quarter Financial Reports* (U)	Pamela Onsiong	15	2:40 p.m.
7.2	2020-2021 Budget Update* (U)	Andy Gallagher & Lori Livingston	15	2:55 p.m.
7.3	2020-2021 Tuition Fees* (M)	Brad MacIsaac	10	3:10 p.m.
7.4	2020-2021 Ancillary Fees* (M)	Brad MacIsaac	10	3:20 p.m.
7.5	TELE Program (U)	Brad MacIsaac	5	3:30 p.m.
<b>8</b>	<b>Project Updates</b>		20	3:35 p.m.
8.1	New Building* (U)	Brad MacIsaac		
8.2	ACE Enhancement* (U)	Brad MacIsaac		

D – Discussion

M – Motion

P – Presentation

U – Update

\* Documents attached

No.	Topic	Lead	Allocated Time	Suggested Start Time
8.3	AVIN (U)	Les Jacobs		
<b>9</b>	<b>Consent Agenda (M):</b>	Chair	5	3:55 p.m.
9.1	<b>Animal Care Committee:</b> (a) Terms of Reference* (b) Policy on the Care & Use of Animals in Research & Teaching* (c) ACC Administrative Procedure Series 001: Review & Approval of Animal Use Protocols* (d) ACC Administrative Procedure Series 002: Process for Reconsideration or Appeal of Decisions of the ACC*			
9.2	Minutes of Public Session of Meeting of November 20, 2019*			
<b>10</b>	<b>For Information:</b>	Chair		
10.1	Credit Rating Update*			
10.2	Compliance & Policy Update*			
<b>11</b>	<b>Other Business</b>	Chair		
<b>12</b>	<b>Adjournment (M)</b>	Chair		4:00 p.m.
	<b>BREAK</b>		<b>10</b>	
	<b>NON-PUBLIC SESSION (material not publicly available)</b>			<b>4:10 p.m.</b>
<b>13</b>	<b>Call to Order</b>	Chair		
<b>14</b>	<b>Conflict of Interest Declaration</b>	Chair		
<b>15</b>	<b>President's Remarks</b>	Steven Murphy	15	4:25 p.m.
	<ul style="list-style-type: none"> <li>• Debenture Strategy Review</li> <li>• Confidential Budget Items*</li> </ul>			
<b>16</b>	<b>Audit</b>			
16.1	Auditor Performance Review (U)	Andrew Gallagher	5	4:40 p.m.
<b>17</b>	<b>Consent Agenda (M):</b>	Chair		4:45 p.m.
17.1	Asset Class Management Strategy Update*			
17.2	Minutes of Non-Public Session of Meeting of November 20, 2019*			
<b>18</b>	<b>Other Business</b>			
<b>19</b>	<b>In Camera Session (M)</b>			
<b>20</b>	<b>Termination (M)</b>			5:00 p.m.

Becky Dinwoodie, Secretary

## COMMITTEE REPORT

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**SESSION:**

Public  
Non-Public

☒  
☐**ACTION REQUESTED:**

Decision  
Discussion/Direction  
Information

☒  
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☐

**TO:** Audit & Finance Committee

**DATE:** February 19, 2020

**PRESENTED BY:** Stephanie Chow, Chair of Investment Committee

**SUBJECT:** Amendments to the Statement of Investment Policies (SIP)

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**COMMITTEE MANDATE:**

- As set out in the committee's Terms of Reference, the committee's responsibilities include reviewing the SIP on an annual basis and making appropriate recommendations to the Audit and Finance Committee.
- Further, in accordance with section 2.3 of the SIP, one of the Investment Committee's responsibilities is to formulate recommendations to the Audit and Finance Committee regarding the investments in the university's portfolio.
- We are seeking the Audit & Finance Committee's recommendation to update the SIP to allow for investments in Direct Real Estate Equity: Canadian commercial income-producing real estate.

**BACKGROUND/CONTEXT & RATIONALE:**

- We are making the recommendation further to the committee's educational session on the real estate fund strategy and at the recommendation of the university's Investment Manager, PH&N.

**IMPLICATIONS:**

- Adding this allocation would help increase portfolio income and reduce overall portfolio volatility and correlations to the broader markets, both of which would be beneficial to the university, especially in this late stage of the economic cycle.
- Not accepting this recommendation does not have major implications beyond slightly higher volatility exposure and potentially higher drawdowns during periods of market stress.

**COMPLIANCE WITH POLICY/LEGISLATION:**

- The addition of this form of investment would also require a revision to the university's Asset Class Management Strategy.

**NEXT STEPS:**

1. If the Audit & Finance Committee recommends the proposed amendments to the SIP, the amendments will be presented to the Board of Governors for approval on February 27.

**MOTION FOR CONSIDERATION:**

*That pursuant to the recommendation of the Investment Committee, the Audit & Finance Committee hereby recommends the proposed amendments to the Statement of Investment Policies, as presented, for approval by the Board of Governors.*

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**SUPPORTING REFERENCE MATERIALS:**

- Blacklined Statement of Investment Policies



Classification	LCG 1128
Framework Category	Legal, Compliance and Governance
Approving Authority	Board of Governors
Policy Owner	Chief Financial Officer
Approval Date	February 28, 2019
Review Date	June 2020
Supersedes	June 2016 Statement of Investment Policies, June 27, 2018

## Statement of Investment Policies

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## 1.0 Purpose

The purpose of this Statement of Investment Policies (“SIP”) is to define the management structure governing the investment of non-expendable (endowed) ~~Uu~~university funds, and to outline the principal objectives and rules by which assets will be managed. The assets will be managed in accordance with this Statement and all applicable legal requirements. Any investment manager (“Manager”) or any other agents or advisor providing services in connection with assets shall accept and adhere to this Statement.

## 2.0 RESPONSIBILITIES

### 2.1 Board of Governors

The Board of Governors (“the Board”) of ~~UOIT~~the university has responsibility and decision-making authority for these assets. The Board has the responsibility to govern these assets and has chosen to appoint members of the Audit and Finance Committee to sit on the Investment Committee.

As part of its fiduciary responsibilities, the Board will:

- appoint members of the Investment Committee in consultation with the Audit and Finance Committee;
- receive the Audit and Finance Committee’s recommendations with respect to ~~Statement of Investment Policies~~the SIP and approve or amend the ~~Statement~~SIP as appropriate;
- review all other recommendations and reports of the Audit and Finance Committee with respect to the Fund and the selection, engagement or dismissal of professional investment managers, custodians and advisors, and take appropriate action.

### 2.2 Audit & Finance Committee

As part of its fiduciary responsibilities, the Audit and Finance Committee will:

- receive the Investment Committee’s recommendations with respect to ~~the SIP~~Statement of Investment Policies and make recommendations to the Board for the selection, engagement or dismissal of professional investment managers, custodians and advisors, as appropriate;
- review all other recommendations and reports of the Investment Committee, including recommendations with respect to the investments within the Fund, and recommendations to amend the Asset Class Management Strategy and approve such recommendations and receive such reports.

## 2.3 Investment Committee

The Investment Committee (the Committee”) consists of a minimum of three (3) external governors.

The Committee may delegate some of its responsibilities to agents or advisors. In particular, the services of a custodian (the “Custodian”) and of one or more investment managers (the “Manager”) may be retained.

The Investment Committee will have an active role to:

- formulate recommendations to the Audit and Finance Committee regarding the investments in the Fund;
- maintain an understanding of legal and regulatory requirements and constraints applicable to these assets;
- review [this Statement of Investment Policies-the SIP](#) and the Asset Class Management Strategy, on an annual basis, and make appropriate recommendations to the Audit and Finance Committee;
- provide regular reports to the Audit and Finance Committee;
- formulate recommendations to the Audit and Finance Committee regarding the selection, engagement or dismissal of professional investment managers, custodians and advisors.
- oversee the Fund and the activities of the Manager, including the Manager’s compliance with their mandate and the investment performance of assets
- ensure that the Manager is apprised of any amendments to their mandate; and
- inform the Manager of any significant cash flows.

## 2.4 Investment Manager(s)

The Manager is responsible for:

- Selecting securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this Statement;
- Providing the Committee with quarterly reports of portfolio holdings and a review of investment performance and future strategy and recommending appropriate changes to the investment portfolio; (see Section 7 on “Reporting and Monitoring”);

- Attending meetings of the Committee at least once per year to review performance and to discuss proposed investment strategies;
- Informing the Committee promptly of any investments which fall outside the investment constraints contained in this Statement and what actions will be taken to remedy this situation; and
- Advising the Committee of any elements of this Statement that could prevent attainment of the objectives.

### 3.0 PORTFOLIO OBJECTIVES

#### 3.1 Investment Policy

The Investment Policy outlines ~~UOIT's~~ [the university's](#) investment objectives and risk guidelines. Investment objectives are defined in the context of Total Return which is defined as the sum of income and capital gains from investments.

#### 3.2 Investment Objectives

The overall investment objective is to obtain the best possible total return on investments that is commensurate with the degree of risk that ~~UOIT~~ [the university](#) is willing to assume in obtaining such return. In general, ~~UOIT~~ [the university's](#) investment decisions balance the following objectives:

- generate stable annual income for the funds' designated purpose;
- preserve the value of the capital;
- protect the value of the funds against inflation; and
- maintain liquidity and ease of access to funds when needed

Stable annual incomes are an essential part of the disbursement process, and facilitate the forecast of spendable income each year. The investment object for non-expendable (endowment) funds is to generate a total return that is sufficient to meet obligations for specific purposes by balancing present spending needs with expected future requirements. The total return objective must take into consideration the preservation of endowment capital, and the specific purpose obligations according to donor wishes.

All endowment funds are to be accumulated and invested in a diversified segregated or pooled fund of Canadian and foreign equities and fixed income securities. These funds must be structured to optimize return efficiency such that the return potential is maximized within the organization's risk tolerance guidelines. The Manager is expected to advise the Committee in the event that the pooled fund exhibits, or may exhibit, any significant departure from this Statement.

### 4.0 GENERAL GUIDELINES

The [Uu](#)niversity uses the investment pool method, except that in those instances where funds are precluded under agreement or contract from being pooled for investment purposes. The acquisition of specific investment instruments outside of authorized investment pools, requires the approval of the Chief Financial Officer and one of either President or VP External Relations.

All securities shall be registered in the University Of Ontario Institute Of Technology's name; or in the name of a financial institution that is eligible to receive investments under the University Of Ontario Institute Of Technology's Investment Policy.

The [Uu](#)niversity may or may not directly or internally manage any portion of its endowed funds.

External investment managers and/or advisors shall be selected from well-established and financially sound organizations which have a proven record in managing funds with characteristics similar to those of the [Uu](#)niversity.

The [Uu](#)niversity shall maintain separate funds in the general ledger for endowment fund donations. Within these funds, the [Uu](#)niversity shall maintain accurate and separate accounts for all restricted funds.

Investment income, capital gains and losses on the sale of equities and securities, and the amortization of premiums and discounts on fixed term securities earned on endowment funds accrue to the benefit of the endowment accounts and are distributed to capital preservation, stabilization and distribution accounts annually.

## 5.0 AUTHORIZED INVESTMENTS

### 5.1 Investment Criteria

Outlined below are the general investment criteria as understood by the Committee. The list of permitted investments includes:

(a) Short-term instruments:

- Cash;
- Demand or term deposits;
- Short-term notes;
- Treasury bills;
- Bankers acceptances;
- Commercial paper; and
- Investment certificates issues by banks, insurance companies and trust companies.

(b) Fixed income instruments:

- Bonds;

- Debentures (convertible and non-convertible); and
- Mortgages and other asset-backed securities.

(c) Canadian equities:

- Common and preferred stocks;
- Income trusts; and
- Rights and warrants.

(d) Foreign equities:

- Common and preferred stocks;
- Rights and warrants; and
- American Depository Receipts and Global Depository Receipts.

(e) Alternative investments:

- Direct Real Estate Equity: Canadian commercial income-producing real estate

(fe) Pool funds, closed-end investments companies and other structured vehicles in any or all of the above permitted investment categories are allowed.

## 5.2 Derivatives

The Fund may use derivatives, such as options, futures and forward contracts, for hedging purposes, to protect against losses from changes in interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment.

Up to 15% of the Fund may be invested in strategies that use derivatives to engage in short selling.

## 5.3 Pooled Funds

With the approval of the Committee, the Manager may hold any part of the portfolio in one or more pooled or co-mingled funds managed by the Manager, provided that such pooled funds are expected to be operated within constraints reasonably similar to those described in this mandate. It is recognized by the Committee that complete adherence to this Statement may not be entirely possible; however, the Manager is expected to advise the Committee in the event that the pooled fund exhibits, or may exhibit, any significant departure from this Statement.

## 5.4 Responsible Investing

The Board has a fiduciary obligation to invest the Fund in the best interests and for the benefit of the University.

The Board recognizes that environment, social, and governance (ESG) factors may have an impact on corporate performance over the long term, although the impact can vary

by industry. Best practices suggest that incorporating ESG factors in the investment process is prudent and aligned with the [Uu](#)iversity's social commitment.

Given the fact that the [Uu](#)iversity uses the investment pool method, it is not practical for the Committee to directly engage individual companies on ESG related issues, either through dialogue or by filing shareholder resolutions. Subject to its primary fiduciary responsibility of acting in the best interests of the [Uu](#)iversity and its stakeholders, and within the limits faced by an investor in externally managed pooled funds, the Committee will incorporate ESG factors into its investment process through the following methods:

**(a) Manager Selection and Reporting**

The integration of ESG factors in the investment process will be a criterion in the selection, management and assessment of the Manager.

The Committee will require the Manager to provide regular and annual reporting on the incorporation of formal ESG factors in the management of their portfolios.

**(b) Engagement**

Since the [Uu](#)iversity does not directly invest in companies, proxy voting is delegated to the Manager. The Committee will encourage the Manager to incorporate into their proxy voting guidelines policies that encourage issuers to increase transparency of their ESG policies, procedures and other activities, and also to bring to the Committee's attention any significant exposure through the Fund to a particular company, industry or nation that is facing a material ESG issue.

## **6.0 RISK GUIDELINES**

All investment of assets must be made within the risk guidelines established in this Statement. Prior to recommending changes in investments, the Manager must certify to the Committee that such changes are within the risk guidelines. For the purposes of interpreting these guidelines, it is noted that all allocations are based on market values and all references to ratings reflect a rating at the time of purchase, reviewed at regular intervals thereafter. In the event that the portfolio is, at any time, not in compliance with either the ranges or ratings profile established in this Statement, such non-compliance will be addressed within a reasonable time after the Manager or Committee has identified such non-compliance.

## 6.1 Asset Mix and Ranges

Table 6.1

Asset Class	Range
Cash & Short Term	0 - 10%
Fixed Income	20 - 50%
Canadian Equities	<del>15</del> 10 - 30%
Global Equities	25 - 45%
<u>Alternatives</u>	<u>0 - 15.0%</u>

Investment of assets must be within the asset classes and ranges established in Table 6.1. A more detailed breakdown of asset classes, strategic targets, ranges, and benchmarks is maintained in the university's Asset Class Management Strategy.

## 6.2 Cash and Cash Equivalents

Cash and cash equivalents must have a rating of at least R1, using the rating of the Dominion Bond Rating Service ("DBRS") or equivalent.

## 6.3 Fixed Income

(a) Maximum holdings of the fixed income portfolio by credit rating are:

Credit Quality	Maximum in Bond <sup>1</sup>	Minimum in Bond <sup>1</sup>	Maximum Position in a Single Issuer
Government of Canada <sup>2</sup>	100%	n/a	no limit
Provincial Governments <sup>2</sup>	60%	0%	40 %
Municipals	25%	0%	10%
Corporates	75 %	0%	10%
AAA <sup>3</sup>	100%	0%	10%
AA <sup>3</sup>	80%	0%	5%
A <sup>3</sup>	50%	0%	5%
BBB	15%	0%	5 %
BB and less	20 %	0%	2 %

<sup>1</sup> Percentage of portfolio at market value; <sup>2</sup> Includes government-guaranteed issues; <sup>3</sup> Does not apply to Government of Canada or Provincial issues

(b) Maximum holdings of the fixed income portfolio, other than Canadian denominated bonds as illustrated in 6.3 (a), by asset type:

- 20% for asset-backed securities;
  - 60% for mortgages or mortgage funds;
  - 20% for bonds denominated for payment in non-Canadian currency;
- and

- 10% for real return bonds.

- (c) All debt ratings refer to the ratings of Dominion Bond Rating Service (DBRS), Standard & Poor's or Moody's.

#### 6.4 Equities

- (a) No one equity holding shall represent more than 15% of the market value of the assets of a single pooled fund.
- (b) There will be a minimum of 30 stocks in each equity (pooled fund) portfolio.
- (c) No more than 5% of the market value of an equity portfolio (pooled fund) may be invested in companies with a market capitalization of less than \$100 million at the time of purchase
- (d) Illiquid assets are restricted to 10% of the net assets of the Fund.
- (e) Emerging market holdings will not exceed 10% of the total portfolio value.
- (f) Foreign equity holdings can be currency hedged to a maximum of 50%

#### 6.5 Alternative Assets

- (a) Illiquid assets shall not constitute more than 15% of the total portfolio.
- (b) Alternative investment solutions have the potential to enhance fixed income returns, reduce equity risk, reduce portfolio volatility and improve portfolio efficiency. They typically require a longer investment horizon, are less liquid, and when considered in isolation may be deemed more risky than other securities. The associated risks, fees and expenses are detailed in a document called an Offering Memorandum which the manager is responsible for providing to the Investment Committee prior to any such investment being made in the portfolio.

### 7.0 PERFORMANCE EXPECTATIONS

#### 7.1 Portfolio Returns

The portfolio is expected to earn a pre-fee rate of return in excess of the benchmark return over the most recent four-year rolling period. Return objectives include realized and unrealized capital gains or losses plus income from all sources. Returns will be measured quarterly, and calculated as time-weighted rates of return. The composition of the benchmark is developed from the asset mix outlined in this Statement and more specifically described in the Asset Class Management Procedures, Appendix A.

In order to meet the [University](#)'s disbursement requirements, investments need to earn a minimum level of income, measured over a four year rolling market cycle. The minimum recommended level is defined as the sum of the following items:

Minimum disbursement requirement	3.5%
Investment management fees	0.5%
Capital preservation amount	<u>2.0%</u>
Minimum Rate of Return	<u>6.0%</u>

Note: The disbursement requirement and capital preservation amounts will be reviewed, and updated as required.

## 8.0 REPORTING & MONITORING

### 8.1 Investment Reports

Each quarter, the Manager will provide a written investment report containing the following information:

- portfolio holdings at the end of the quarter;
- portfolio transactions during the quarter;
- rates of return for the portfolio with comparisons with relevant indexes or benchmarks; Compliance report;

### 8.2 Monitoring and Recommendations

At the discretion of the Committee as required, the Manager will meet with the Committee regarding:

- the rate of return achieved by the Manager;
- the Manager's recommendations for changes in the portfolio;
- future strategies and other issues as requested.

The agreement with the Manager or any Custodian will be reviewed by the committee on a four year cycle. This review could include a Request for Proposal for these services.

### 8.3 Annual Review

It is the intention of [UOIT-the university](#) to ensure that this policy is continually appropriate to the university's needs and responsive to changing economic and investment conditions. Therefore, the Committee shall present the [Statement of Investment PoliciesSIP](#) to the Audit and Finance Committee, and through that Committee to the Board, along with any recommendations for changes, at least annually.

## 9.0 STANDARD OF CARE

The Manager is expected to comply, at all times and in all respects, with the code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The Manager will manage the assets with the care, diligence and skill that an investment Manager of ordinary prudence would use in dealing with all clients. The Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent Investment Manager.

The Manager will manage the assets in accordance with this Statement and will verify compliance with this Statement when making any recommendations with respect to changes in investment strategy or investment of assets.

The Manager will, at least once annually, provide a letter to the Committee confirming the Manager's familiarity with this Statement. The Manager will, from time to time, recommend changes to the SIP to ensure that the SIP remains relevant and reflective of the [UOIT-university's](#) investment objectives over time.

## 10.0 CONFLICT OF INTEREST

All fiduciaries shall, in accordance with the [UOIT-university's](#) Act and By-laws and policies on conflict of interest, disclose the particulars of any actual or potential conflicts of interest with respect to the Fund. This shall be done promptly in writing to the Chair of the Investment Committee. The Chair will, in turn, table the matter at the next Board meeting. It is expected that no fiduciary shall incur any personal gain because of their fiduciary position. This excludes normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.



# Disbursement Committee Report

2020-2021 Disbursement Recommendation

# Cumulative Investment Income Summary

Cumulative Net Endowed Earnings at Mar 31, 2019	\$ 5,172,000
Earnings Apr-Dec, 2019	\$ 804,000
Estimated Interest/Dividends Earned Jan-Mar, 2020	<u>\$ 48,000</u>
Cumulative Est'd Net Endowed Earnings at Mar 31, 2020	\$ 6,024,000
Less: Est'd 2019-20 Disbursements	(\$ 550,000)
Cumulative Capital Preservation	<u>(\$2,845,000)</u>
Cumulative Est Net Earnings Available For Disbursement	<u>\$2,629,000</u>

# Cumulative Investment Summary

Endowment Balance at Dec 31, 2019	\$16,558,000
Current Year Donations to Dec 31, 2019	\$ 886,000
Cumulative Earnings Less Distributions	\$ 5,809,000
Unrealized gains	<u>\$ 5,516,000</u>
Market Value of Endowment at Dec 31, 2019	\$28,769,000
Est'd Income Jan-Mar, 2020	\$ 48,000
Est'd Disbursement in Jan-Mar, 2020	<u>(\$ 382,000)</u>
Forecast Investment Balance at Mar 31, 2020	<u>\$28,435,000</u>

# Gift Agreement Requirements

- Endowed Awards can be specific dollar amounts, or could be expressed as a minimum and maximum amount.
- At our current investment level, we need to disburse between 3-4% of the principal value to cover our gift requirements.

# Recommendation

- The Disbursement Committee met on Feb 5, 2020. Our investments have performed well over the last few years, with current year realized income being consistent with the prior year.
- Current cumulative earnings after capital preservation = \$2.63M, up from \$2.55M in prior year.
- The recommendation is to disburse up to \$725,000 for 2020-21, and that this amount be disbursement from Endowment Funds for distribution as student awards.
- Recommendation based on prior year disbursement level (\$550K), estimated increase cash returns based on current year donations (\$25K), and a draw down of \$750K of the cumulative earnings available for distribution over 5 years (\$150K).

# Motion

- That the Audit & Finance committee recommends the disbursement of up to \$725,000 from Endowment Funds for distribution as student awards in 2020-21.

# Questions/Comments

**Financial Update  
Report to the Audit and Finance Committee  
For the 9 months ending December 31, 2019**

**February 19, 2020**

# **ONTARIO TECH UNIVERSITY**

## **Financial Update – Report to Audit and Finance Committee – February 19, 2020**

**For the 9 months ending December 31, 2019**

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*Consolidated Financial Statements of*

**ONTARIO TECH UNIVERSITY**

*For the 9 months ending December 31, 2019*

**ONTARIO TECH UNIVERSITY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019**

	<u>Dec 31, 2019</u>	<u>Dec 31, 2018</u>	<u>YOY Variance</u>	<u>Mar 31, 2019</u>
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash and cash equivalents	\$ 34,427,334	\$ 23,811,131	\$ 10,616,203	\$ 45,236,989
Short-Term Investments	7,052,500	24,924,456	(17,871,956)	16,924,256
Grant receivable	9,088,304	8,472,911	615,393	8,669,628
Other accounts receivable	40,321,207	40,215,464	105,744	7,231,096
Prepaid expenses and deposits	2,235,284	1,319,745	915,540	2,166,750
Inventories	710,490	997,845	(287,355)	133,344
	<u>93,835,119</u>	<u>99,741,551</u>	<u>(5,906,432)</u>	<u>80,362,063</u>
INVESTMENTS	28,920,233	25,547,557	3,372,676	26,809,201
CAPITAL ASSETS	393,293,380	389,334,261	3,959,119	392,097,220
<b>TOTAL ASSETS</b>	<b>\$ 516,048,732</b>	<b>\$ 514,623,369</b>	<b>\$ 1,425,363</b>	<b>\$ 499,268,484</b>
<b>LIABILITIES</b>				
<b>CURRENT AND LONG-TERM LIABILITIES</b>				
Accounts payable and accrued liabilities	24,567,969	20,592,737	3,975,231	29,614,038
Deferred revenue	51,108,211	50,875,268	232,943	20,299,865
	<u>75,676,179</u>	<u>71,468,006</u>	<u>4,208,174</u>	<u>49,913,903</u>
LONG TERM DEBT	426,616	550,696	(124,080)	550,063
OBLIGATIONS UNDER CAPITAL LEASE	37,119,602	37,743,559	(623,958)	37,596,349
DEBENTURE DEBT	158,105,761	164,270,308	(6,164,546)	164,270,307
DEFERRED CAPITAL CONTRIBUTIONS	157,349,205	157,304,000	45,205	161,099,203
	<u>428,677,363</u>	<u>431,336,569</u>	<u>(2,659,206)</u>	<u>413,429,825</u>
<b>Net Assets</b>				
<b>UNRESTRICTED</b>				
NET ASSETS, excluding current year surplus	63,995,371	57,128,164	6,867,207	57,128,164
ENDOWMENTS	23,538,942	22,296,727	1,242,215	21,843,288
CURRENT YEAR (DEFICIT) / SURPLUS	(162,944)	3,861,909	(4,024,853)	6,867,207
	<u>87,371,369</u>	<u>83,286,800</u>	<u>4,084,569</u>	<u>85,838,659</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 516,048,732</b>	<b>\$ 514,623,369</b>	<b>\$ 1,425,363</b>	<b>\$ 499,268,484</b>

**ONTARIO TECH UNIVERSITY**  
**Consolidated Statement of Operations**  
**For the 9 months ending December 31, 2019**

	<u>Dec 31, 2019</u>	<u>Dec 31, 2018</u>	<u>YOY Variance</u>
<b>REVENUE</b>			
Grants - operating & research	\$ 56,611,867	\$ 55,290,060	1,321,806
Grant - debenture	13,500,000	13,500,000	-
Donations - operating & research	426,846	649,776	(222,930)
Student tuition fees	53,968,757	54,460,093	(491,336)
Student ancillary fees	11,178,696	10,407,882	770,814
Revenue from purchased services	2,371,748	2,616,129	(244,381)
Other income	7,365,501	7,386,732	(21,231)
Amortization of deferred capital contributions	7,056,987	6,863,533	193,454
Interest revenue	1,050,021	668,262	381,759
Unrealized gain/(loss) on investments	465,997	(1,098,365)	1,564,361
	<b>153,996,418</b>	<b>150,744,102</b>	<b>3,252,316</b>
<b>EXPENSES</b>			
Salaries and benefits	84,236,766	78,993,792	5,242,974
Student aid, financial assistance and awards	8,689,067	7,984,127	704,940
Supplies and expenses	22,322,183	21,209,601	1,112,582
Purchased Services	9,742,326	9,844,105	(101,778)
Professional fees	1,204,563	1,134,717	69,846
Interest expense - Long Term Debt	10,040,459	10,360,674	(320,215)
Interest expense - Other	108,097	101,557	6,540
Amortization of capital assets	17,709,725	17,411,463	298,262
Loss/(gain) on disposal of assets	106,175	(157,842)	264,017
	<b>154,159,362</b>	<b>146,882,194</b>	<b>7,277,168</b>
<b>Excess of expenses over revenues</b>	<b>\$ (162,944)</b>	<b>\$ 3,861,909</b>	<b>\$ (4,024,853)</b>

**UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY**  
**Consolidated Statement of Cash Flows**  
**For the 9 months ending December 31, 2019**

	<u>Dec 31, 2019</u>	<u>Dec 31, 2018</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Excess of expenses over revenue	(162,944)	3,861,909
Items not affecting cash:		
Amortization of capital assets	17,709,725	17,411,463
Amortization of deferred capital contributions	(7,056,987)	(6,863,533)
Unrealized (gain)/loss on investments	(465,997)	1,098,365
Loss/(gain) on disposal of assets	106,175	(157,842)
	<u>10,129,973</u>	<u>15,350,363</u>
Working Capital		
Grant and other accounts receivable	(33,508,787)	(32,983,276)
Prepaid expenses and deposits	(68,534)	299,303
Inventories	(577,146)	(756,212)
Accounts payable and accrued liabilities	(5,046,069)	(5,228,495)
Deferred revenue	30,808,345	31,295,621
	<u>1,737,781</u>	<u>7,977,303</u>
<b>INVESTING</b>		
Purchase of capital assets	(19,012,060)	(7,000,185)
Investments	8,226,721	(9,263,623)
Endowment contributions	1,695,653	1,256,299
	<u>(9,089,685)</u>	<u>(15,007,509)</u>
<b>FINANCING</b>		
Repayment of long term debt	(6,287,993)	(5,922,964)
Repayment of obligations under capital leases	(476,748)	(423,790)
Deferred capital contributions	3,306,989	1,618,630
	<u>(3,457,751)</u>	<u>(4,728,124)</u>
<b>NET CASH (OUTFLOW)</b>	<b>(10,809,655)</b>	<b>(11,758,329)</b>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<b>45,236,989</b>	<b>35,569,460</b>
<b>CASH BALANCE, END OF PERIOD</b>	<b>\$ 34,427,334</b>	<b>\$ 23,811,131</b>

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****Assets**

Cash and short-term investments decrease of \$7.3m is mainly attributable to capital spending on the new building.

Grant receivable balance of \$9.1m includes \$6.6m Collaborative Nursing (CN) grant funded on a slip-year basis (PY balance \$2.6m receivable in CY and CY balance \$4.0m receivable in next FY) and \$2.5m of external research grants, of which \$1.0m relates to the new AVIN project.

Grant receivable increase of \$0.6m includes \$0.5m increase in CN grant associated with YOY growth.

Other accounts receivable includes student and trade receivables. Balance of \$40.3m includes \$35.4m of student A/R (\$1.0m for fall 2019 and prior, \$34.4m for the future winter semester for which payment is due Jan 2020), \$0.9m sales tax recoverable, \$0.6m trade receivables, \$0.6m ACE and other balances, none exceeding \$0.5m.

Prepaid Expenses and deposits increase of \$0.9m is due to the timing of payment for annual IT licenses and library subscriptions. These were paid in Q3 in the current year versus in Q4 in the prior year.

Investment balance of \$28.9m relates to endowed funds held at PH&N. The year-over-year increase of \$3.4m is comprised of M2M unrealized gain \$2.1m, new in-year donations \$1.0m, net investment income \$0.9m, offset by bursary disbursements \$0.6m.

Capital assets increase of \$4.0m includes net additions of \$26.7m, offset by accumulated amortization of \$22.7m in the last 12 months.

Net additions comprise \$13.8m of construction-in-progress (new building \$9.9m, Moving Ground Plane \$3.9m), \$5.6m newly capitalized major projects (\$3.5m MGP, \$2.1m AVIN), \$3.5m major equipment and FF&E, \$2.6m building and lab renovations and net \$1.2m computer equipment and laptops.

**Liabilities**

Accounts payable and accrued liabilities increased \$4.0m due to timing of recording and payment of invoices. This includes \$2.3m in trade payables including construction invoices, net \$0.5m construction holdbacks on the new student building, \$0.4m of student ancillary fees billed on behalf of third parties, and other immaterial variances.

Deferred Revenue relate to revenues deferred to subsequent periods as these have not yet been earned at the end of the reporting quarter or will be recognized as revenue in the period in which related expenses are incurred.

Balance of \$51.1m comprises \$32.9m deferred tuition representing winter term fees not earned at the end of the quarter, and \$18.2m of revenues billed or received and not yet spent at the end of the reporting quarter (\$7.4m of externally funded research revenues, \$4.4m of expendable donations, \$3.4m of student ancillary fees, and \$3.0m of miscellaneous deferred revenues).

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

Decrease in obligations under capital lease represents the principal lease repayments for 61 Charles and 55 Bond in the last 12 months.

Decrease in long-term debenture debt of \$6.2m relates to the principal repayment and resulting drawdown of the debt in the last 12 months. This debt is fully payable in October 2034.

Deferred capital contributions balance includes new capital grants and donations of \$9.5m received in the last 12 months, offset by \$9.4m amortization into revenues of capital grants and donations received since inception of the University.

New grants and donations received include grants of \$9.1m for various capital projects (including \$5.6m for the Moving Ground Plane, \$2.0 for the AVIN project, \$1.5m for campus renovations and retrofit projects), and \$0.4m donations received for SIRC.

**CONSOLIDATED STATEMENT OF OPERATIONS****Revenue**

Total Revenue increased \$3.3m over the prior year. Significant variances include:

- 1) Operating and research grant increase of \$1.3m, of which \$0.7m pertains to external research grants and \$0.6m increase in other miscellaneous operating grants. There is no additional grant funding from the Province for domestic enrolment growth.
- 2) Student ancillary fees increase of \$0.8m includes \$0.7m year-over-year increase due to the change in methodology of charging ancillary fees (based on headcount vs FTE), net increase of \$0.4m to reflect prior year revenues recognized for capital projects, offset by \$0.3m decrease in TELE ancillary fees attributable to all remaining programs (Nuclear, Gaming and Engineering Year 1 only) going “BYOD” in the current year, except for Engineering beyond Year 1 (the TELE hardware program will be fully decommissioned in 2020 - 21).
- 3) Unrealized gains on investments increased \$1.6m over the prior year is mainly attributable to more favourable market conditions on our endowed equity portfolio.

**Expenses**

Total Expenses increased \$7.3m over the prior year. Significant variances include:

- 1) Salaries and benefits increase of \$5.2m includes \$3.1m for staff and faculty annual salary increases, \$1.1m in net new hires (8 faculty and 10 non-faculty) and promotions, \$0.7m increase in limited term contracts for sessional and teaching assistant contracts, work study and graduate research programs, and \$0.3m increase to reflect enhanced pension benefits.

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019**

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**CONSOLIDATED STATEMENT OF OPERATIONS (continued)**

- 2) Student aid, financial assistance and awards increase of \$0.7m is mostly attributable to an increase in entrance scholarships as more students met the requirements for these scholarships for the current academic year.
- 3) Supplies and expenses increase of \$1.1m is due to the fact that the prior year balance included a one-time energy rebate of \$0.8m resulting from the introduction of The Fair Hydro Act 2017 on June 1, 2017. This rebate is no longer available.

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019****II. FINANCIAL METRICS**

The Ministry has adopted 5 financial metrics to assist with assessing university financial health and sustainability.

The table below shows Ontario Tech University's forecast metrics for fiscal year 2019 - 20 and the actuals for the 2 fiscal years 2018 – 19 and 2017 - 18. Also included are the average comparator and average sector metrics for fiscal year 2017 - 18 (latest published data). The average comparator includes the data for what are considered as “small” universities based on student FTE (‘Full-time equivalents’), and includes seven universities: Algoma, Lakehead, Laurentian, Nipissing, OCADU, Trent and Ontario Tech University.

Financial Metrics	Forecast	Actual	Actual	Average comparator	Average sector
	2019 - 20	2018 - 19	2017 - 18	2017 - 18	2017 - 18
Net Income/Loss Ratio (1)	1.3%	3.3%	7.2%	1.8%	5.4%
Net Operating Revenues Ratio (2)	9.3%	11.6%	8.3%	2.6%	8.3%
Primary Reserve Ratio (days) (3)	41	62	53	31	115
Interest Burden Ratio (4)	7.1%	7.6%	8.2%	3.0%	2.2%
(b) IBR w MTCU funding	1.7%	1.7%	1.8%	n/a	n/a
Viability Ratio (5)	12.7%	17.9%	14.1%	15.1%	4204.6%

**Financial Metrics Analysis**

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

Based on the current projection of a net operating surplus \$3.1m (see Section III “2019-20 Operating Forecast Summary” on Pages 10 - 12), it is forecast that the University's net earnings ratio will be positive at the end of the current fiscal year. This ratio is less favourable than in the prior years due to lower revenues as a result of a 10% cut in tuition fees and no additional funding for domestic growth from the Province, coupled with increased labour costs in the current year.

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019**

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**II. FINANCIAL METRICS (continued)**

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

The University continues to experience positive operating and working capital and, therefore, a stable net operating revenues ratio.

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

Primary reserve ratio is less favourable than in the prior years due to a deterioration in the net expendable assets as a result of lower forecast operating net surplus attributable to the tension on the revenue v/s the expense side, coupled with the increased capital investment in the current year, including \$12.5m in the construction of the new building.

**4. Interest Burden** ratio (“IBR”) – indicates the University’s debt affordability and the cost of servicing debt

Ontario Tech University’s interest burden continues to improve as it pays back its long-term debt obligations without entering into any new debt. The cost of servicing its debt is above the comparator due to its relatively 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, the University’s interest burden ratio is more favourable than the average comparator and average sector ratios.

**5. Viability** ratio - determines Ontario Tech University’s financial health, as it indicates the funds on hand to settle its long-term obligations.

Although the University’s debt obligations are decreasing, the viability ratio is less favourable than in the prior years due to the deterioration in its net expendable assets as a result of less favourable surplus in the current year, coupled with an increased investment in capital projects, including \$12.5m investment in the construction of the new building.

**ONTARIO TECH UNIVERSITY**

**Financial Update – Report to Audit and Finance Committee – February 19, 2020**

**For the 9 months ending December 31, 2019**

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**II. FINANCIAL METRICS (continued)**

**(1) Net Income/Loss Ratio**

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

*Measures the percentage of revenues that contribute to net assets. The objective is to track trends in net earnings*

**(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 the University's cost of servicing debt*

**(2) Net Operating Revenues Ratio**

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

*Indicates the extent to which the University is generating positive cash flow in the long-run to be financially sustainable.*

**(5) Viability Ratio**

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

*Determines 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.*

**(3) Primary Reserve Ratio**

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

*Indicates the University's financial strength and flexibility by determining the number of days it 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.*

# Ontario Tech University

## III. Management Reporting: 2019 - 20 Operating Forecast Summary (in '000 s)

### For the year ending March 31, 2020

The table below shows the variance of the year-end forecast vs the approved budget

April 1, 2019 - March 31, 2020				
	Total Annual Budget	Y/E Forecast	Fav. (Unfav.) Budget vs. Forecast \$ / %	
<b>Revenue</b>				
Grants	81,084	80,953	(131)	0%
Tuition	79,944	79,028	(916)	-1%
Student Ancillary	11,484	13,738	2,254	20%
Other	18,297	18,668	371	2%
<b>Total Revenue</b>	<b>\$ 190,810</b>	<b>\$ 192,388</b>	<b>\$ 1,578</b>	<b>1%</b>
<b>Expenditures</b>				
Academic/ACRU	76,848	77,095	(247)	0%
Academic Support	36,966	37,126	(161)	0%
Administrative	33,081	29,449	3,632	11%
<b>Sub-total</b>	<b>\$ 146,895</b>	<b>\$ 143,670</b>	<b>\$ 3,225</b>	<b>2%</b>
<b>Purchased Services</b>	<b>12,109</b>	<b>12,173</b>	<b>(64)</b>	<b>-1%</b>
<b>Total Ancillary/Commercial</b>	<b>10,460</b>	<b>9,942</b>	<b>519</b>	<b>5%</b>
<b>Debt Interest Expense</b>	<b>10,157</b>	<b>10,157</b>	<b>-</b>	<b>0%</b>
<b>Total Expenses</b>	<b>\$ 179,621</b>	<b>\$ 175,941</b>	<b>\$ 3,680</b>	<b>2%</b>
<b>Operating Contribution</b>	<b>\$ 11,189</b>	<b>\$ 16,447</b>	<b>\$ 5,258</b>	<b>47%</b>

#### Expenses disclosed on the Balance Sheet

Capital Expenses	4,201	6,336	(2,135)	-51%
Principal Repayments - debenture/leases	6,989	6,989	0	0%

#### Net Operating Surplus

\$ (0)	\$ 3,123	\$ 3,123	N/A
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#### Other disclosure - Funded by prior year reserves/deferred revenues

Capital - Basketball Change Rooms	856	843	13	2%
Capital - New Building	11,493	11,900	(407)	-4%
Capital Campaign	1,183	1,166	17	1%

#### Reconciliation to Y/E forecast GAAP FS:

Net forecast contribution from Operations	\$ 16,447
Items not budgeted:	
Externally funded research revenues (donation, grant, other)	13,053
Externally funded research expenses	(11,943)
Non-cash transactions:	
Amortization of capital assets	(23,489)
Amortization of deferred capital contributions	9,409
Unrealized gain on investments	500
Capital revenues accounted as Deferred Capital Contributions on the balance sheet	(1,981)
Forecast excess revenues over expenses (per GAAP Financial Statements)	<u>\$ 1,997</u>

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019****III. 2019 - 20 Operating Forecast Summary**

Based on the Nov 1 official enrolment count, the operating budget, after capital expenses and principal debenture and lease repayments, shows a net operating surplus of \$3.1m at the end of the fiscal year.

The variances of the year-end forecast to the approved budget are explained below.

**Enrolment**

<b>FTE's</b>	<b>2019 - 20 Approved Budget</b>	<b>2019 - 20 Nov 1 count</b>	<b>Variance to Approved Budget</b>
<b>Undergraduate</b>			
Domestic	7,923	7,882	-41
International	488	486	-2
<b>Graduate</b>			
Domestic	414	428	14
International	189	183	-6
<b>Total FTE's</b>	<b>9,014</b>	<b>8,979</b>	<b>-35</b>

Nov 1 enrolment count shows a net negative variance of 35 FTE against an original budget of 9,014 FTE, resulting in a total net decrease of \$0.7m in forecast tuition revenue.

Current eligible undergraduate and graduate enrolment projection is within the + / - 3% of Ontario Tech University's corridor midpoint.

Core Operating Grant remains flat as under the new funding formula implemented by the Ministry in 2017-18, the funding for domestic students for the current year remains at the 2016 – 17 level.

**Revenues**

Forecast total revenues are favourable \$1.6m to budget. Significant items include:

- 1) Student ancillary fees favourable variance of \$2.3m includes \$1.3m of prior year deferred revenues recognized in the current year for the construction of the basketball change rooms (see offsetting "Capital Expenses" below), and \$1.0m increase due to the change in methodology of charging ancillary fees (actual is based on headcount vs budget was based on FTE).

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020****For the 9 months ending December 31, 2019**

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**III. 2019 - 20 Operating Forecast Summary (continued)**

- 2) Other revenues are favourable \$0.4m to budget and includes \$0.8m higher than budgeted investment income on the University's bank and short-term investment balances, offset by \$1.0m decrease in ACE revenues due to lower utilization of the ACE facility by GM US (with offsetting lower expenses – See Expenses Note (1) below) and other variances, none exceeding \$0.5m.
- 3) Tuition is \$0.9m unfavourable to budget, of which \$0.7m decrease is attributable to decrease in tuition revenues due to a shortfall in student enrolment, \$0.5m decrease in ELC (English Learning Center) fees due to lower than anticipated number of summer students, offset by an increase of \$0.3m in co-op and continuous learning fees.

**Expenses**

Forecast total operating expenses are favourable \$3.7m. Significant items include:

- 4) \$3.5m release of planned building and operational reserves that will not be utilized at the end of the fiscal year and \$0.7m labour and operating expense savings as a result of lower than forecast utilization of the ACE facility by GM US (with offsetting decrease in revenues – See Revenues Note (3) above) .

**Capital Expenses**

Capital Expenses funded from Operations are unfavourable \$2.1m to budget, and includes \$1.2m of capital investments in the new basketball change rooms (funded by deferred revenues), and \$0.8m cost overrun in the Moving Ground Plane project in the current year and other immaterial variances.

**Summary**

The operating contribution is \$5.2m favourable to budget. This is offset by a higher than expected capital investment of \$2.1m (of which \$1.2m is funded by prior year deferred revenues), for a net forecast operating surplus of \$3.1m. Consistent with the prior years, and at year-end, Management will make a recommendation to the Committee to restrict any actual surplus for student initiatives and campus projects.

It is also projected that Ontario Tech University will spend a total of \$14.5m of prior year internally restricted reserves for major projects at the University.

The forecast surplus on a GAAP (generally accepted accounting principle) basis, after adjusting for non-cash transactions and for items that are not included in the budget, is \$2.0m.

**ONTARIO TECH UNIVERSITY****Financial Update – Report to Audit and Finance Committee – February 19, 2020**  
**For the 9 months ending December 31, 2019**

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**IV. 2019 – 20 CASH FLOW FORECAST**

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 operating balances in September – November and January - March due to tuition fee collection from the fall and winter semester registration, and lower balances in December and during the early summer months.

The University has the following credit facility:

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

**Cash Flow Update**

- The University has not utilized its available line of credit as at the end of the reporting quarter.
- The University currently holds \$25.5m of its operating cash surplus in high interest savings accounts and annual and 30-day cashable guaranteed investment certificates (GIC's).
- **Operating cash balance**, including high interest savings and short-term investments of \$25.5m, is projected at **\$36.3m** at the end of the fiscal year.
- **Externally and internally restricted cash balances** (including Research, Advancement, Campus Childcare, Regent Theatre, and ACE) is projected at **\$12.1m** at the end of the fiscal year.

## ONTARIO TECH UNIVERSITY

## Cash Flow Forecast Summary for the year ended March 31, 2020

		Actual			Forecast			Total Cash Forecast
		Apr - Jun 2019	Jul - Sep 2019	Oct - Dec 2019	Jan 2020	Feb 2020	Mar 2020	FY 2019 - 20
		\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s	\$ 000 s
Operating Beginning Cash Balance	A	24,778	11,578	23,283	1,976	19,715	11,446	24,778
Total Operating Inflows	B	37,889	66,080	32,497	34,649	10,023	14,726	195,864
Total Operating Outflows	C	(49,752)	(50,305)	(52,108)	(15,471)	(16,517)	(13,832)	(197,985)
Net Operating Cash Flows	D=B+C	(11,863)	15,775	(19,611)	19,178	(6,494)	894	(2,121)
Total Operating Cash Available	E=A+D	12,915	27,353	3,672	21,154	13,221	12,340	22,657
New Building Outflows	F	(1,337)	(4,070)	(1,696)	(1,439)	(1,775)	(1,556)	(11,873)
Operating Ending Cash Balance after New Building investments	H=E+F+G	11,578	23,283	1,976	19,715	11,446	10,784	10,784 (1)
Total Internally and Externally Restricted Cash	I	14,957	14,450	14,380	15,365	14,814	12,063	12,063 (2)
Total Consolidated Cash Position	J=H+I	26,535	37,733	16,356	35,080	26,260	22,847	22,847

## Total Cash Forecast as at MAR 31, 2020

Total Operating Cash after new building costs	10,784 (1)
Add: Short-term investments in GIC's	25,508
Total Operating Cash and ST investments	<u>\$ 36,292</u>
Total Restricted Cash	<u>\$ 12,063 (2)</u>

**Budget Update  
Audit and Finance Committee - Public  
February 19, 2020**

**Presented by:  
Lori Livingston, Provost and VP Academic  
Andy Gallagher, Interim Chief Financial Officer**



# AGENDA

- 1. Update of 2020 - 21 budget assumptions**
- 2. Next steps**
- 3. Questions/comments**

# ORIGINAL BUDGET ASSUMPTIONS (NOV 20, 2019)

## (1) Enrolment levels – limited growth based on population increase

(Revenue sources: 35.6% grant; 42.0% tuition; 6.0% ancillary)

	2017-18	2018-2019	e2019-2020	e2020-2021
Domestic Intake	2315	2462	2461	2631
International Intake	99	152	135	240
<b>Undergraduate - FTEs</b>				
Domestic Total	7936	7920	7905	7732
International Total	435	407	476	601
<b>Graduate - FTEs</b>				
Domestic (Incl. deregulated)	413	430	465	410
International	143	148	177	214
<b>Total - FTEs</b>	<b>8927</b>	<b>8905</b>	<b>9023</b>	<b>8956</b>

## (2) Domestic Tuition Freeze/ Propose increase Yr 1 International 10%

	2019-2020	2019-20 System Average	2019-20 System Median
BCom	\$23,224	\$32,156	\$28,362
BEng, BEng & Mgmt	\$27,307	\$35,638	\$34,384
BSc, Computer Science	\$22,187	\$29,169	\$27,242

# ORIGINAL BUDGET ASSUMPTIONS (NOV 20, 2019)

(3) Grant funding from the Province set at 2016 - 17 levels with an increasing proportion dependent upon meeting SMA metric targets

	2020-21	2021-22	2022-23	2023-24	2024-25
Notional Allocation	\$ 12,9	\$ 19,1	\$ 25,2	\$ 31,4	\$ 34,5

(4) Compensation increases and other fixed cost estimates as forecast

# 2020 – 21 DRAFT BUDGET (Original)

## ONTARIO TECH UNIVERSITY

### 2020 - 21 DRAFT OPERATING BUDGET (\$' 000s)

	Operating Budget	Purchased Services	Debenture	TELE	ACE	Regent Theater	Campus ChildCare	Campus Field House and Arena	Total Draft Budget
<b>REVENUES</b>									
Operating Grant	57,696		13,500						71,196
Other Grants	9,498						178		9,676
Student Tuition Fees	83,428								83,428
Student Ancillary Fees	8,086	1,214		3,003					12,304
Revenues from Ancillary Operations	225	1,569							1,794
Donations	950								950
Other Revenues	5,874			15	5,175	682	821	1,623	14,190
<b>Total Operating Revenues</b>	<b>165,757</b>	<b>2,783</b>	<b>13,500</b>	<b>3,018</b>	<b>5,175</b>	<b>682</b>	<b>999</b>	<b>1,623</b>	<b>193,537</b>
<b>EXPENDITURES</b>									
<b>Base Expenditures</b>									
FT Labour	(94,307)	(6,576)		(1,171)	(1,691)	(107)	(367)	(637)	(104,855)
PT Labour	(15,710)	(132)		(325)	(122)	(334)	(349)	-	(16,972)
OPEX	(37,377)	(6,320)	(16,501)	(1,473)	(3,039)	(224)	(276)	(936)	(66,145)
Capital	(338)	-		-	(7)	-	-	-	(345)
<b>Total Base Expenditures</b>	<b>(147,732)</b>	<b>(13,028)</b>	<b>(16,501)</b>	<b>(2,968)</b>	<b>(4,859)</b>	<b>(665)</b>	<b>(991)</b>	<b>(1,573)</b>	<b>(188,317)</b>
<b>Budget Surplus/(Deficit) before Asks</b>	<b>18,025</b>	<b>(10,244)</b>	<b>(3,001)</b>	<b>50</b>	<b>316</b>	<b>17</b>	<b>8</b>	<b>50</b>	<b>5,220</b>
<b>ASKS</b>									
Capital and Operating Reserves	(3,500)								(3,500)
Capital Asks	(2,335)	(1,100)		(50)	(2,154)				(5,639)
Base Asks	(687)								(687)
One-time-only Asks	(173)				(48)				(221)
One-time-only Salary Savings	2,049								2,049
<b>Total Budget Surplus/(Deficit) after Ask</b>	<b>13,380</b>	<b>(11,344)</b>	<b>(3,001)</b>	<b>-</b>	<b>(1,886)</b>	<b>17</b>	<b>8</b>	<b>50</b>	<b>(2,776)</b>

# CHANGES TO BUDGET ASSUMPTIONS

## (1) Enrolment

- Domestic: Preliminary application statistics from OUAC (Jan 2020):
  - ~ 10% decrease at High School deadline
  - impact being mitigated by aggressive admissions offers, but still forecast adverse impact on tuition revenues
- International: at risk with the development of the coronavirus, coupled with new process for obtaining visas
- Working with faculties to look at new student success programs for fall 2020
- Forecast a net downside of up to \$3.0m in tuition revenues

## (2) and (3): Status quo

## (4) Compensation increases and other fixed cost estimates as forecast

- Adjusted based on increase in extended healthcare premium costs for a net downside of \$0.3 m

# CURRENT BUDGET STATUS

	<u>\$</u>
<b>Budget deficit (per Nov 20, 2019 draft)</b>	(2,776)
<b>Downsides:</b>	
Enrolment shortfall	(3,000)
Compensation costs	<u>(300)</u>
<b>Current deficit</b>	<u>\$ (6,076)</u>

# NEXT STEPS

- The Budget Working Group (BWG) has been working with the President and Senior Leadership Team (SLT)
  - to review proposals for budget reductions, taking into consideration the integrated operational plan, university priorities, and our core mission and values
- Budget changes will be strategic, rather than across-the-board
  - Not all units will be impacted in the same fashion

# BUDGET SCHEDULE

2020-21 Budget Calendar	
19-Feb-2020	High level presentation of revenues and base expenditures to A&F
20-Feb-2020	Ontario Tech University / Durham College confirm final shared services budgets
2-Mar-2020	Final budget approved by SLT
Mar 3 - Mar 20/2020	Preparation of budget presentation files for A&F/Board
23-Mar-2020	Feedback from Academic Council on SLT-approved budget prior to A&F in April 2020
25-Mar-2020	Review of budget material (for A&F/Board presentation) with President
6-Apr-2020	Budget package sent to SLT for review
8-Apr-2020	Final budget package for distribution to A&F Committee
15-Apr-2020	Presentation of proposed budget to A&F
16-Apr-2020	Final budget package for distribution to Board
23-Apr-2020	Presentation of proposed budget to Board for approval
4-Jun-2020	Presentation of Board approved budget to Academic Council

# Questions/Comments ?

## COMMITTEE REPORT

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**SESSION:**
**Public**
☒
**Non-Public**
☐
**ACTION REQUESTED:**
**Decision**
☐
**Discussion/Direction  
Information**
☒
☐
**TO:**
**Audit & Finance Committee**
**DATE:**
**Feb 19, 2020**
**PRESENTED BY:**
**Brad MacIsaac**
**SUBJECT:**
**2020-21 Tuition Fees**


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**COMMITTEE/BOARD MANDATE:**

The committee is responsible for overseeing the financial affairs of the university including reviewing and recommending approval of the tuition fees and ancillary fees. We are seeking the committee's recommendation of the proposed 2020-21 tuition fees for approval by the Board of Governors.

**BACKGROUND/CONTEXT & RATIONALE:**

The tuition fee framework, released by the provincial government in December 2018, regulates all publicly funded programs and allows for tuition fee differentiation based on program and program year.

The framework is based on the principle that in 2020-21 institutions are expected to charge the same full-time and part-time domestic tuition fees that they charged in 2019-20, for each program and year of study. International and cost recovery programs are not included in the limits imposed by the provincial framework and we have increased these based on Ontario comparisons ensuring we were at or below the estimated median.

**RESOURCES REQUIRED:**

N/A

**IMPLICATIONS:**

The rates proposed in this document have been made to remain compliant with the provincial government's tuition framework. If not approved the budget expenses would also need to be altered.

### **ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:**

The fees recommended will allow Ontario Tech to continue to provide superior undergraduate and graduate programs.

### **ALTERNATIVES CONSIDERED:**

Various options were considered for international students. The fees presented below allow Ontario Tech to remain at or below system median fees for all programs and levels.

### **CONSULTATION:**

After a comparative review of fees charged by competing programs offered by universities in Ontario, we recommend increases as permitted by the latest framework in all programs as outlined in the accompanying appendix table. The fees have been shown to Academic Council and the Student Association. The assumptions were embedded into all budget discussions.

### **COMPLIANCE WITH POLICY/LEGISLATION:**

The current fees are in compliance with the existing tuition fee framework.

### **NEXT STEPS:**

1. Upon obtaining the committee's recommendation, the 2020-2021 tuition fees will be presented to the Board for approval on February 27, 2020.
2. Upon obtaining Board approval, the university will update tuition within Ontario Tech's student information system and website.

### **MOTION FOR CONSIDERATION:**

*That the Audit & Finance Committee hereby recommends the 2020-2021 tuition fees, as presented, for approval by the Board of Governors.*

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### **SUPPORTING REFERENCE MATERIALS:**

- Appendix 1: Recommendations for Ontario Tech 2020-21 tuition fees

**Appendix 1: Recommendations for Ontario Tech 2020-2021 tuition fees****Undergraduate Domestic**

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
<b>BA, BEd, BHSc, BSc &amp; Mgt, UG Diploma</b>			
First Year	\$5,982.80	\$5,982.80	0.0%
Second Year	\$5,956.38	\$5,956.38	0.0%
Third Year	\$5,926.62	\$5,926.62	0.0%
Fourth Year	\$5,920.76	\$5,920.76	0.0%
Fifth Year	\$5,914.98	\$5,914.98	0.0%
<b>BCom</b>			
First Year	\$8,088.28	\$8,088.28	0.0%
Second Year	\$8,049.76	\$8,049.76	0.0%
Third Year	\$8,011.44	\$8,011.44	0.0%
Fourth Year	\$8,003.52	\$8,003.52	0.0%
<b>BIT</b>			
First Year	\$9,031.18	\$9,031.18	0.0%
Second Year	\$9,022.42	\$9,022.42	0.0%
Third Year	\$9,013.68	\$9,013.68	0.0%
Fourth Year	\$8,991.78	\$8,991.78	0.0%
<b>BEng, BEng &amp; Mgmt, BTech</b>			
First Year	\$9,390.18	\$9,390.18	0.0%
Second Year	\$9,381.24	\$9,381.24	0.0%
Third Year	\$9,372.30	\$9,372.30	0.0%
Fourth Year	\$9,283.04	\$9,283.04	0.0%
Fifth Year	\$9,159.26	\$9,159.26	0.0%
<b>BSc, BSc &amp; Mgt (Computer Science)</b>			
First Year	\$6,339.90	\$6,339.90	0.0%
Second Year	\$6,333.84	\$6,333.84	0.0%
Third Year	\$6,327.84	\$6,327.84	0.0%
Fourth Year	\$6,321.78	\$6,321.78	0.0%
Fifth Year	\$6,321.64	\$6,321.64	0.0%
<b>BScN</b>			
First Year	\$6,100.68	\$6,100.68	0.0%
Second Year	\$6,094.76	\$6,094.76	0.0%
Third Year	\$6,088.84	\$6,088.84	0.0%
Fourth Year	\$6,082.92	\$6,082.92	0.0%

## Undergraduate International

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
<b>BA, BEd, BHSc, BSc &amp; Mgt, UG Diploma</b>			
First Year	\$21,935.04	\$24,128.54	10.0%
Second Year	\$20,938.00	\$21,984.90	5.0%
Third Year	\$20,845.64	\$21,887.92	5.0%
Fourth Year	\$20,741.40	\$21,778.46	5.0%
Fifth Year	\$20,720.96	\$21,757.00	5.0%
<b>BCom</b>			
First Year	\$24,330.48	\$26,763.52	10.0%
Second Year	\$23,224.54	\$24,385.76	5.0%
Third Year	\$23,113.96	\$24,269.64	5.0%
Fourth Year	\$23,025.90	\$24,177.18	5.0%
<b>BIT</b>			
First Year	\$25,400.32	\$27,940.34	10.0%
Second Year	\$24,245.76	\$25,458.04	5.0%
Third Year	\$24,222.24	\$25,433.34	5.0%
Fourth Year	\$24,198.72	\$25,408.64	5.0%
<b>BEng, BEng &amp; Mgmt, BTech</b>			
First Year	\$28,608.16	\$31,468.96	10.0%
Second Year	\$27,307.78	\$28,673.16	5.0%
Third Year	\$27,281.78	\$28,645.86	5.0%
Fourth Year	\$27,255.80	\$28,618.58	5.0%
Fifth Year	\$26,996.20	\$28,346.00	5.0%
<b>BSc, Computer Science</b>			
First Year	\$23,244.34	\$25,568.76	10.0%
Second Year	\$22,187.78	\$23,297.16	5.0%
Third Year	\$22,166.64	\$23,274.96	5.0%
Fourth Year	\$22,145.54	\$23,252.80	5.0%
Fifth Year	\$22,124.42	\$23,230.64	5.0%
<b>BScN</b>			
First Year	\$22,367.26	\$24,603.98	10.0%
Second Year	\$21,350.56	\$22,418.08	5.0%
Third Year	\$21,329.84	\$22,369.32	5.0%
Fourth Year	\$21,309.14	\$22,374.58	5.0%

**Graduate Domestic****Program Based**

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
<b>MA (SSH), MHSc, MSc, PhD</b>			
First Year	\$7,579.30	\$7,579.30	0.0%
Upper Year	\$7,579.30	\$7,579.30	0.0%
<b>MASc, MEng, MEngM</b>			
First Year	\$8,859.94	\$8,859.94	0.0%
Upper Year	\$8,859.94	\$8,859.94	0.0%
<b>MSc in Nursing</b>			
First Year		\$8,761.50	
Upper Year		\$8,761.50	
<b>Graduate Diploma</b>			
Diploma in Accounting	\$7,350.00	\$7,717.50	5.0%
Diploma in Nuclear Technology	\$5,906.62	\$5,906.62	0.0%
Diploma in Nuclear Design Engineering	\$5,906.62	\$5,906.62	0.0%
Diploma in Engineering Management	\$5,906.62	\$5,906.62	0.0%

**Credit Based (per 3-credit course)**

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
<b>MEd, MA in Education</b>			
All Years	\$1,576.47	\$1,576.47	0.0%
<b>Graduate Diploma</b>			
Education & Digital Technology	\$1,576.47	\$1,576.47	0.0%
Work Disability Prevention	\$1,576.47	\$1,576.47	0.0%
<b>MITS</b>			
First Year	\$1,257.52	\$1,257.52	0.0%
Upper Year	\$1,257.52	\$1,257.52	0.0%

## Graduate International

### Program Based

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
<b>MA (SSH), MHSc, MSc, PhD</b>			
First Year	\$18,790.20	\$19,166.00	2.0%
Upper Year	\$18,790.20	\$19,166.00	2.0%
<b>MASc</b>			
First Year	\$22,794.72	\$23,250.60	2.0%
Upper Year	\$22,794.72	\$23,250.60	2.0%
<b>MEng, MEngM</b>			
First Year	\$22,794.72	\$25,074.18	10.0%
Upper Year	\$22,794.72	\$25,074.18	10.0%
<b>MSc in Nursing</b>			
First Year		\$21,076.50	
Upper Year		\$21,076.50	
<b>Graduate Diploma</b>			
Diploma in Nuclear Technology	\$15,196.46	\$16,716.10	10.0%
Diploma in Nuclear Design Engineering	\$15,196.46	\$16,716.10	10.0%
Diploma in Engineering Management	\$15,196.46	\$16,716.10	10.0%

### Credit Based (per 3-credit course)

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
<b>MEd, MA in Education</b>			
All Years	\$2,016.97	\$2,057.31	2.0%
<b>Graduate Diploma</b>			
Education & Digital Technology	\$2,016.97	\$2,057.31	2.0%
Work Disability Prevention	\$2,016.97	\$2,057.31	2.0%
<b>MITS</b>			
First Year	\$3,130.60	\$3,287.12	5.0%
Upper Year	\$3,130.60	\$3,287.12	5.0%

English for Academic Purposes (EAP) Program

			Rate of Increase
	2019-2020	2020-2021	19/20 to 20/21
All Levels	\$2,918.00	\$3,005.54	3.0%

## COMMITTEE/BOARD REPORT

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**SESSION:**

Public ☒  
Non-Public ☐

**ACTION REQUESTED:**

Decision ☒  
Discussion/Direction ☐  
Information ☐

**TO:** Audit & Finance Committee

**DATE:** February 19, 2020

**PRESENTED BY:** Brad MacIsaac

**SUBJECT:** 2020-2021 Ancillary Fees

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**COMMITTEE/BOARD MANDATE:**

The committee is responsible for overseeing the financial affairs of the university including reviewing and recommending approval of the tuition fees and ancillary fees. We are seeking the committee's recommendation of the proposed 2020-21 ancillary fees for approval by the Board of Governors.

**BACKGROUND/CONTEXT & RATIONALE:**

Provincial policy requires that a negotiated Compulsory Ancillary Fees protocol exists between the Board of Governors of each university and their student association. The Ancillary Fees Committee consists of three students and three administrative representatives. Under the terms of the current Ontario Tech University protocol, signed June 2018, the Board of Governors is required to approve the ancillary fees by the spring of each year. Fees under the Bank of Canada, Consumer Price Index average of 12 months do not require Board approval. This year's CPI is 2.2%.

As we have the highest ancillary fees in the province, we have been watching this rate carefully over the past few years and recommend adjustments with this in mind. These higher fees are based on decisions made with students to include items that other institutions may not have at this time for example: the Durham Transit fee that gives students the ability to ride the bus at 25% of the cost of a normal fare; two capital projects (~\$270 funded through student referendum) and our dedication to providing Technology Enhanced Learning Environment to our students rather than having them go out and buy the materials independently. After a number of years with no increases or staggered increases we will be increasing almost all fees the inflationary rate. A key factor in this decision aligns with the freeze to domestic tuition.

**RESOURCES REQUIRED:**

N/A

**IMPLICATIONS:**

Altering the fees will alter our ability to provide specific services.

**ALIGNMENT WITH MISSION, VISION, VALUES & STRATEGIC PLAN:**

The fees recommended will allow Ontario Tech to continue to provide high quality undergraduate and graduate services and experiences to its students.

**ALTERNATIVES CONSIDERED:**

Each fee change was reviewed by the Ancillary fee Committee.

**CONSULTATION:**

A request for fees was sent out to all unit leads and Ontario Tech Student Union in December. The committee met once and had two additional electronic meetings to evaluate and decide on changes.

Please note in addition to below there is a referendum taking place related to Faculty specific society fees as part of the winter student elections. If the population votes in favour the new fee will be added.

Additionally, the Ontario Tech Student Union is in discussions with the Health & Dental provider. If a new agreement is signed before June the new fees will be updated for fall.

**COMPLIANCE WITH POLICY/LEGISLATION:**

The increases are compliant with provincial policy and Ontario Tech's ancillary fee protocol.

**NEXT STEPS:**

1. Upon obtaining A&F's recommendation, the 2020-2021 ancillary fees will be presented to the Board for approval on February 27, 2020.
2. Upon obtaining the Board's approval, the university will update ancillary fees within Ontario Tech's student information system and website.

**MOTION FOR CONSIDERATION:**

*That pursuant to the recommendation of the Ancillary Fees Committee, the Audit and Finance Committee hereby recommends Board approval of those 2020-21 ancillary fees that will be increased as presented.*

**Compulsory Ancillary Fees**

<b>Flat Fees. FT and PT students.</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Career Readiness	68.64	70.14	2.19%
Health Services (general)	26.22	26.80	2.20%
Mental Health Services	65.42	66.86	2.20%
Health and Wellness	14.96	15.28	2.14%
Sport and Recreation	79.18	80.92	2.20%
Campus Access	74.70	76.34	2.20%
Campus Open Access	33.08	33.80	2.18%
Campus Safety	9.64	9.84	2.07%
Infrastructure Enhancements	116.74	119.30	2.19%
Student ID	18.74	19.14	2.13%
Study and Activity Spaces	34.02	34.76	2.18%
<b>Charged to FT each term</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
U-Pass	278.00	283.50	1.98%
<b>Flat Fees Paid half Fall and half Winter. FT and PT students.</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Community and Social Programming	10.64	10.86	2.07%
Wellness and Support Services	11.20	11.44	2.14%
Student Representation and Leadership	8.90	9.10	2.20%
World University Services of Canada	2.70	2.76	2.20%
Campus Clubs	4.80	4.90	2.08%
Student Societies	3.28	3.34	1.83%
Student Society Fee FBIT	13.28	13.56	2.11%
Student Society Fee FEAS/FESNS	18.28	18.68	2.20%
<b>Flat Fees Paid half Fall and half Winter. FT and PT students.</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Campus Life and Events	11.18	11.42	2.15%
Student Engagement	67.34	68.82	2.20%
Grad proportion	67.34	68.82	2.20%
Student Learning	115.92	118.46	2.19%
Convocation	6.62	6.77	2.20%
Printer Services	26.20	26.78	2.20%
Instructional Resource	115.22	117.74	2.19%
Georgian Engagement Services	200.33	204.74	2.20%
Technology-enriched Learning FEAS	231.00	236.08	2.20%
Technology-enriched Learning FESNS	221.00	225.86	2.20%
Technology-enriched Learning FSCI	180.13	184.08	2.19%
Technology-enriched Learning FHSc	157.86	161.32	2.19%
Technology-enriched Learning FBIT Non-Gaming	151.07	154.38	2.19%
Technology-enriched Learning FBIT -Gaming	478.00	488.52	2.20%
Technology-enriched Learning FSSH	130.69	133.56	2.20%
Technology-enriched Learning FEDU	194.88	224.10	14.99%

Technology-enriched Learning Undeclared	154.00	157.38	2.19%
<b>Flat Fees Paid half Fall and half Winter. FT only</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Benefit Plan Coordination	23.86	24.38	2.20%
USU Building	98.89	101.06	2.19%
Campus Recreation and Wellness Centre	174.12	176.04	1.10%
Varsity Sports	77.20	78.90	2.20%
Intramural Sports	10.54	10.76	2.09%
<b>Flat Fees Paid once per yr. (Fall or as admitted). FT only.</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Health & Dental - Fall	250.32	250.32	0.00%
Health & Dental - Winter	201.70	201.70	0.00%
Health & Dental -Summer	153.08	153.08	0.00%
International Health Insurance - Fall	672.00	686.78	2.20%
International Health Insurance - Winter	448.00	457.86	2.20%
International Health Insurance - Summer	224.00	228.93	2.20%
<b>Flat Fees Paid once per yr. (Fall or as admitted). FT and PT students.</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Nursing Mask fee	10.00	10.00	0.00%
Nursing Levey for CNSA	10.00	10.00	0.00%
Nursing Association Membership with RNAO and NSO	16.00	16.00	0.00%
Graduate Diploma in Accounting	250.00	250.00	0.00%

<b>Flat Fees Paid at time of Course Registration</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Internship/Coop	610.80	624.24	2.20%
Business - INFR 2421U	10.00	10.00	0.00%
Medical Laboratory Fee - MLSC 1010U	60.00	60.00	0.00%
Medical Laboratory Mask Fee - MLSC 4400U	20.00	20.00	0.00%
Nursing Lab Supply Fee - NURS 1003U	50.00	50.00	0.00%
Nursing Lab Supply Fee - NURS 2810U	30.00	30.00	0.00%
Nursing Lab Supply Fee - NURS 2820U	50.00	50.00	0.00%
Kinesiology Lab Supply Fee - HLSC 3476U	20.00	20.00	0.00%
Kinesiology Lab Supply Fee - HLSC 3475U	10.00	10.00	0.00%
<b>Flat Fee Paid Per Term (4 Terms)</b>	<b>2019-20</b>	<b>2020-21</b>	<b>% Inc</b>
Education Placement Fee	75.00	91.50	22.00%

**Appendix A: 2019-20 Comparison (sorted by total tuition & ancillary)**

<b>UG Engineering</b>	<b>Tuition Fees</b>	<b>Total Ancillary</b>	<b>Tuition plus Ancillary Fees</b>
Toronto	\$14,180	\$1,684	\$15,864
Waterloo	\$13,970	\$1,145	\$15,115
McMaster	\$12,446	\$1,451	\$13,897
Western	\$12,294	\$1,468	\$13,762
Queen's	\$11,915	\$1,329	\$13,243
Guelph	\$11,286	\$1,520	\$12,806
Carleton	\$10,522	\$1,233	\$11,755
Windsor	\$9,509	\$1,129	\$11,678
Ontario Tech	\$9,390	\$1,854	\$11,244
Ryerson	\$10,189	\$974	\$11,163
Ottawa	\$9,421	\$1,248	\$10,670
Laurentian	\$8,069	\$1,392	\$9,461
Lakehead	\$7,702	\$1,254	\$8,956
Mean			\$12,337
Median			\$12,010



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## BACKGROUND MEMORANDUM

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**TO:** BOARD OF GOVERNORS  
**FROM:** CHERYL FOY  
**SUBJECT:** BACKGROUND ON ANCILLARY FEES  
**DATE:** MAY 3, 2017

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**Operating Funds Distribution Manual:** The Ontario government publishes a manual called the Operating Funds Distribution Manual ("Manual"). The Manual governs the distribution of government operating grants to Ontario Universities. It sets out the funding formula, specific types of grants, which institutions are eligible, which programs are eligible, enrolment reporting requirements and contains special provisions relating to tuition and other fees.

**Ancillary Fees:** The Manual restricts the conditions under which ancillary or additional fees may be imposed upon students and defines a compulsory ancillary fee as "a fee imposed or administered by a given institution or one of its constituent parts or its federated or affiliated institutions, in addition to regular tuition fees, which a student is required to pay in order to enroll in, or successfully complete, any credit course" (s. 5.2).

Tuition-related compulsory ancillary fees (those are fees "levied to cover the costs of items normally paid for out of operating or capital revenue") are prohibited (s 5.2).

A non-tuition-related compulsory ancillary fee is a fee which is "levied in order to cover the costs of items which are not normally paid for out of operating or capital revenue".

Compulsory ancillary fees must meet certain criteria in order to be valid. They must:

1. Be non-tuition-related;
2. Be approved by the Board of Governors;
3. Be announced prior to collection through the institution's calendar and/or published fee schedule in sufficient detail to make it clear what they are for.

Compulsory ancillary fees are frozen at 1993-1994 levels and can only be increased through the implementation of a protocol which has been agreed to by representatives of an institution's administration and by student government representatives. The protocol must meet certain procedural and content requirements primarily related to having student government involvement to establish and approve the protocol and to provide the means by which students will be involved in decisions to increase the existing compulsory non-tuition-related ancillary fees or introduce new ones. (See s. 5.2 and Appendix 12).

Examples of compulsory non-tuition-related ancillary fees include:

- a. Health insurance fees;
- b. Student activity fees;
- c. Athletic fees;
- d. Transportation/parking fees;
- e. Housing placement fees;

Fees which are likely exempt from the application of s. 5.2 include:

- a. Field trip fees;
- b. Fees for learning material or clothing;
- c. Fees for material used in the production of items which become the property of the student;
- d. Fees for material or services where the institution acts as a broker with a vendor for the student.

### **Compulsory Ancillary Fee Protocol**

The university and the Student Union (with the approval of the Board of Governors) entered into a protocol governing the setting and imposition of non-tuition-related ancillary fees. This protocol provides for the establishment of a Committee composed of the university Registrar, two representatives of the university administration, and three students (two delegates of the Student Union (one undergrad and one grad student), and one of whom is an elected student member of the Board of Governors). The Committee reviews, considers and recommends ancillary fees to the Board of Governors through the Audit & Finance Committee. Ancillary fee increases or new ancillary fees must be approved by a majority of the Committee members. Quorum requires four members present including no less than two student members.

*\*The provincial government directive that allowed students to opt-out of certain student fees is currently before the courts.*

# New Building Project



## January Project Update 7 February 2020

# New Building Update

## This Period Achievements (7 February 2020)

- Site Plan Application – Approval received from the city
- 95% Foundation works achieved
- Slab on grade 60% completed
- Lower level staircases walls, elevator shaft & columns in progress
- 1<sup>st</sup> floor level slab form commence at the east side
- Waterproofing and foundation drain on going
- Chiller Pump skids delivered to site
- Excavation works continues as the footing works progresses
- Backfilling works on going
- Construction dewatering continues
- Sub trades procurement on-going
- Project Submittals and RFI on going

# New Building Update



Photo taken 6 Feb 2020

# Forecast Schedule

## **New Building (Next period)**

- Excavation works completion
- Foundation works completion
- Slab on grade completion
- Site de-watering termination
- Waterproofing and insulation continues
- 1<sup>st</sup> floor slab forming to continue
- Revisit baseline construction schedule
- Continue Submittals review and approvals
- Continue RFI responses
- Continue Sub-trades and suppliers procurement
- Deliveries of mechanical equipment to site
- Branding and signage design standards and confirmation
- Building permit approval

**Site Safety:**

- Nothing to report this period

**Change Orders:**

- Nothing to report this period

**Procurement Summary:**

- Polished Concrete awarded to BNE Contractor at \$78K
- Roofing awarded to Semple Gooder at \$353K
- Metal Panels awarded to Ritz at \$925K
- Masonry, Floor Grilles, and Thermal insulation packages under evaluation
- 25 out of 43 sub-trades bid packages awarded with \$555K savings to date

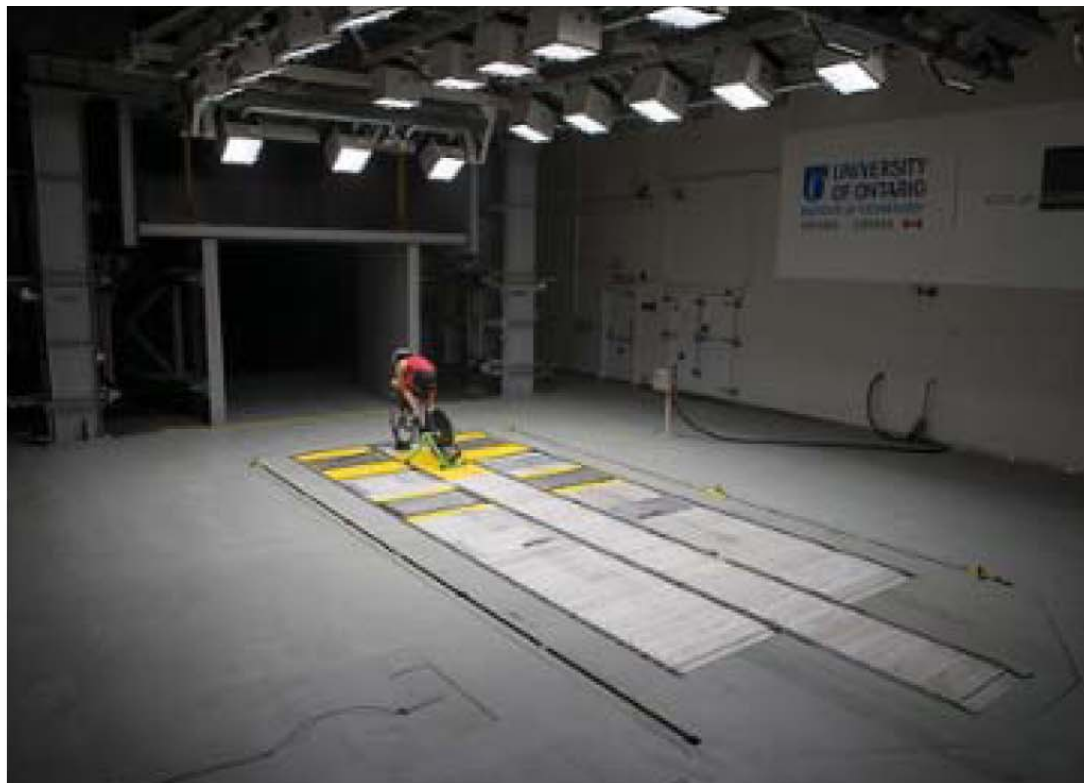
**Financial Summary:**

- Total committed amount to date \$43.9M
- Total project expense to date \$8.3M
- Breakdown of Sources and Uses of funds next slide

# A&F Roll up Financial Summary as of 7 February 2020

PROJECT FINANCIAL SUMMARY REPORT FOR MONTH ENDING				JANUARY 2020			
Sources of Funds - Cash flow							
Description	Total Funding	Committed Todate	Actual YTD Jan 2020	Jan 2020	Required Funding till Completion	See Notes	
Ontario Tech			\$ -				
SIF			\$ -				
Advancement			\$ -				
Totals	\$ -	\$ -	\$ -	\$ -	\$ 48,000,000		
Uses of Funds - Cash flow							
Description	Total Budget	Committed Todate	Actual YTD Jan 2020	Jan 2020	Estimate at Completion		
GMP Contract	\$ 39,996,403	\$ 40,089,472	\$ 5,342,474	\$ 1,239,812	\$ 40,089,472	1	
FF&E	\$ 3,246,505	\$ -	\$ -	\$ -	\$ 3,246,505		
Soft Cost	\$ 1,940,732	\$ 1,548,959	\$ 920,663	\$ 18,581	\$ 1,802,735		
Portable Relocation	\$ 1,738,512	\$ 1,720,897	\$ 1,478,780	\$ -	\$ 2,329,835	2	
New Parking (50% sharing)	\$ 327,848	\$ 327,848	\$ 632,978	\$ 59,359	\$ 331,191	3	
Contingencies	\$ 750,000	\$ 296,056.70	\$ 101,347	\$ -	\$ 200,262.26	4	
U5 U/G service and shutdown		\$ 48,764	\$ 48,764	\$ -	\$ 48,764		
UL Sanitary pipe Relocation		\$ 17,787	\$ 17,787	\$ -	\$ 17,787		
U5 City compliances		\$ 25,218	\$ 25,218	\$ -	\$ 25,218		
F5 Compliances		\$ 9,579	\$ 9,579	\$ -	\$ 9,579	5	
U5 Accessibility		\$ 5,677	\$ -	\$ -	\$ 5,677		
U5 Footing & Ramp		\$ 95,963	\$ -	\$ -	\$ 95,963		
A5 Dewatering		\$ 93,069	\$ -	\$ -	\$ 93,069	1	
Totals	\$ 48,000,000	\$ 43,983,233	\$ 8,374,895	\$ 1,317,752	\$ 48,000,000		
Notes:							
1. Estimate at completion impacted by dewatering							
2. Increased by U5 changes and the 2021 forecast U5 demolition cost							
3. Construction cost for the F5 parking lot extension is equally shared with the College							
4. To date remaining amount from contingency basket							
5. Full amount for F5 compliances							

# ACE Enhancement Project



## January Monthly Report 7 February 2020



## Progress Update (7 February 2020) :

### Moving Ground Plane (MGP) Integration into CWT

- CWT integration engineering at 95%
- MGP control engineering progressing
- Boundary layer removal system engineering completed
- Acoustic treatment engineering completed
- Acoustic treatment material on fabrication
- Cooling system engineering on going
- Cooling tower design on going
- CWT shutdown 20 Jan – 9 Feb works on going
- Boundary layer steel & duct works CWT on going
- Acoustic preparatory works at CWT on going
- Air compressors and vacuum delivered to site
- Cameras installed at CWT
- 5<sup>th</sup> floor client office renovation contract awarded

# Forecast Schedule

## Moving Ground Plane (MGP) Integration into CWT

- CWT integration engineering completion
- MGP control engineering completion
- Aerodynamics enhancement engineering completion
- Acoustic treatment material delivery completion
- Cooling system engineering completion
- Cooling tower design completion
- Boundary layer steel & duct works modification completion
- Acoustic preparatory works at CWT continue next shutdown
- Cooling system procurement process
- Works at CWT to continue in the next shutdown end March 2020
- 5<sup>th</sup> floor client office renovation works commence

**Integrated commissioning still on track completion by 30 September 2020**

## **Site Safety:**

- Nothing to report – no incident this period

## **Change Orders:**

- Nothing to report this period

## **Procurement Summary:**

- Removal & cleaning of floor plates for honeycomb mesh awarded to Western Mechanical Electrical Millwright Services Ltd. At \$22.8K
- 5<sup>th</sup> floor renovation works awarded to J.W. Contracting at \$62.9K

## **Financial Summary:**

- FedDev funding received this period \$2.748M
- Total Funding received to date \$9.077M
- Total Actual Cash Flow to date \$6.787M
- Committed Funding to date \$12.565M
- Forecast project cost at completion \$14.86M
- Cash flow Breakdown of Sources and Uses of funds next slide.

# A&F Roll up Financial Report as of 7 February 2020

<b>ACE ENHANCEMENT PROJECT</b>	<b>JANUARY 2020</b>				
<b>Sources of Funds - Cash Flow</b>					
Description	Total Funding	Actual Total Todate	Jan 2020	Estimate at Completion	See Notes
FEDDEV	\$ 9,465,000	\$ 7,676,936	\$ 2,748,349	\$ 9,465,000	
PROVINCIAL	\$ 1,500,000	\$ 1,350,000		\$ 1,500,000	
MAGNA	\$ 1,000,000	\$ -		\$ 1,000,000	
THE GREENBRIAR FOUNDATION	\$ -	\$ 50,000		\$ 50,000	<sup>1</sup>
ONTARIO TECH	\$ 500,000	\$ -		\$ 500,000	
Totals	\$ 12,465,000	\$ 9,076,936	\$ 2,748,349	\$ 12,515,000	<sup>1</sup>
<b>Uses of Funds - Cash Flow</b>					
Description	Total Budget	Actual Total Todate	Jan 2020	Estimate at Completion	See Notes
Moving Ground Plane Integration into CWT	\$ 3,350,000	\$ 654,908	\$ 128,641	\$ 4,794,589	<sup>2</sup>
Aerodynamic Enhancements Required for MGP	\$ 2,540,000	\$ 629,983	\$ 104,017	\$ 2,142,138	<sup>2</sup>
Acoustics	\$ 845,000	\$ 437,341	\$ 91,775	\$ 827,341	<sup>2</sup>
Precision Measurement Capability	\$ 1,850,000	\$ 783,353	\$ 39,447	\$ 1,038,010	<sup>2</sup>
Chamber Modifications	\$ 630,000	\$ 208,595	\$ 25,157	\$ 605,118	<sup>2</sup>
Base Building Modifications	\$ 3,645,000	\$ 3,198,015	\$ 7,187	\$ 3,520,001	<sup>2</sup>
Engineering and Project Management	\$ 2,000,000	\$ 874,655	\$ 52,000	\$ 1,932,803	<sup>2</sup>
				\$ -	
Totals	\$ 14,860,000	\$ 6,786,849	\$ 448,224	\$ 14,860,000	
<b>Notes:</b>					
1. Unallotted Donations received from Donors					
2 Estimate at completion - reviewed and revised as of 2019 December project status					

## COMMITTEE REPORT

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**SESSION:**

Public



Non-Public

**ACTION REQUESTED:**

Decision

Consultation  
Information**TO:** Audit and Finance Committee (A&F)**DATE:** February 19, 2020**FROM:** Les Jacobs, Vice-President, Research & Innovation (VPRI)**SUBJECT:** Ontario Tech Animal Care Committee (ACC) Policy Instruments and  
Terms of Reference

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**COMMITTEE MANDATE:**

- Under the University's Act, section 9 (1), the Board of Governors has the power: "to establish academic, research, service and institutional policies and plans and to control the manner in which they are implemented". The university's Policy Framework is a key institutional policy that delegates the Board's power, establishing categories of policy instruments with distinct approval pathways.
- Under the Policy Framework, the Board of Governors is the approval authority for this policy and A&F is the approval authority for the related procedures.
- Under the University's Act and consistent with the requirements of the Canadian Council on Animal Care Policies (CCAC) the Board of Governors has the power to approve the terms of reference for the Animal Care Committee.
- We are submitting this report and policy instruments to A&F to request:
  - The committee's recommendation of the Policy on the Care and Use of Animals in Research and Teaching and Animal Care Terms of Reference (TOR); and
  - The committee's approval of the related procedures

**BACKGROUND/CONTEXT AND RATIONALE**

- The Policy on the Care and Use of Animals in Research was approved by the Board of Governors on January 2013. The policy was revised in response to the ACC's recent compliance audit by the CCAC on May 30, 2018.
- In addition, the ACC's terms of reference and the ACC's administrative processes on Review and Approval of Animal Use Protocols & Process for Reconsideration

or Appeal of Decisions of the ACC were revised in response to the recommendations proposed by the CCAC's audit report received on June 28, 2018. It is important to note that previous versions of the terms of reference and the administrative procedures were reviewed and approved internally with the ACC and did not undergo a formal review under the Ontario Tech policy framework.

## **CONSULTATION PROCESS:**

### **List of Consultation Dates:**

- Animal Care Committee, February 14, 2018, May 23, 2018, February 6, 2019
- Policy Advisory Committee, June 6, 2018, June 21, 2018
- Academic Council, June 25, 2019
- Administrative Leadership Team, September 10, 2019
- Research Board, October 1, 2019

### **Comments received and response:**

#### **All Instruments**

- Clarify the terms "major modification and minor modification" using existing definitions in all instruments.
- ACC reviewed and confirmed that all comments from CCAC audit have been addressed.

#### **Terms of Reference**

- Clarify that VPRI shall appoint Vice-Chair.

#### **ACC procedure 002:**

- Section 8.1 should be linked to 7.1 and use consistent language. A review by an external body will be helpful to resolve disagreement and allow the ACC and PI to continue to work closely together.
- Clarifications on what situations can be reconsidered or appealed, what is a major or minor modification.

## **IMPLICATIONS:**

- In order to demonstrate the University's compliance with the Animals for Research Act and CCAC Audit results, the University's Animal Care policies, procedures and terms of reference have been reviewed and revised.

## **COMPLIANCE WITH POLICY/LEGISLATION:**

- Animals for Research Act (OMAFRA, Province of Ontario)
- Canadian Council on Animal Care (CCAC) - Good Animal Practice (GAP)
- Occupational Health and Safety Act (R.S.O. 1990) and regulations
- Health of Animals Act
- Containment Standards for Facilities Handling Aquatic Animal Pathogens
- National Aquatic Animal Health Program (co-delivered by DFO and CFIA)
- Canadian Association for Laboratory Animal Medicine (CALAM)
- Canadian Association for Laboratory Animal Science (CALAS)
- Canadian Veterinary Medical Association (CVMA)

- Tri-Agency (Memorandum of Understanding (MOU) on the Roles and Responsibilities in the Management of Federal Grants and Awards)
- Canadian Food Inspection Agency and Fish Pathogens (CFIA)
- Department of Fisheries and Oceans (DFO)
- Any other regulatory body that guides in the care and use of specific animals.

#### **NEXT STEPS:**

- The policy and Terms of Reference will be presented to the Board of Governors for approval on February 27, 2020.

#### **MOTIONS FOR CONSIDERATION:**

*(a) That the Audit and Finance Committee hereby recommends the Policy on the Care and Use of Animals in Research and Teaching and the Animal Care Committee Terms of Reference, as presented, for approval by the Board of Governors.*

*(b) That the Audit and Finance Committee hereby approves the Review and Approval of Animal Use Protocols and the Process for Reconsideration or Appeal of Decisions of the ACC, as presented.*

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#### **SUPPORTING REFERENCE MATERIALS:**

- Ontario Tech Animal Care Committee:
  - Terms of Reference
  - Policy on the Care and Use of Animals in Research and Teaching
  - ACC Administrative Procedure Series 001: Review and Approval of Animal Use Protocols
  - ACC Administrative Procedure Series 002: Process for Reconsideration or Appeal of Decisions of the ACC

Item	Appendix A – Terms of Reference
Parent Policy	Policy on the Care and Use of Animals in Research
Approval Authority	Board of Governors
Policy Owner	VP Research
Approval Date	DRAFT AMENDMENTS
Review Date	
Supersedes	

## UNIVERSITY ANIMAL CARE COMMITTEE: TERMS OF REFERENCE

The University of Ontario Institute of Technology (Ontario Tech) has a responsibility to ensure that effective control is exercised in the care and use of experimental animals. All animals (live, non-human vertebrates) are protected by the Animals for Research Act of Ontario and its associated regulations. In addition to this, provincial legislation, the Tri-Agency Agreement on the Administration of Agency Grants and Awards by Research Institutions requires the University to maintain a valid Certificate of Good Animal Practice from the Canadian Council on Animal Care (CCAC).

### 1. Definitions

**“Canadian Council on Animal Care (CCAC)”** is a national peer review agency responsible setting and maintaining standards for ethical use and care of experiment animals used in research, teaching and testing in Canada.

**“University”** means the University of Ontario Institute of Technology (Ontario Tech).

### 2. Purpose

- 2.1.** The Animal Care Committee (ACC) oversees all research, teaching and testing with animals. The ACC ensures that the 3R's (replacement, reduction, and refinement) are considered for any activity involving the care and use of experimental animals and that these principles are upheld to minimize the number of animals used at the University.
- 2.2.** The ACC is established by the University and responsible for the coordination, ethical review and approval for all proposed uses of animals in research (including field studies), testing and teaching at the University. The ACC shall establish internal policies and procedures to ensure compliance with legislation and the Canadian Council on Animal Care (CCAC) policies and guidelines. The operation of the ACC is governed by the following Terms of Reference.

### 3. Authority

- 3.1.** The ACC reports directly to the Vice-President Research & Innovation (VPRI). The ACC, on behalf of the VPRI has the authority to:
  - a)** stop any objectionable procedure that causes unnecessary distress or pain to the animal;
  - b)** stop immediately any animal use that deviates from the approved protocol or non-approved procedure(s);
  - c)** determine corrective action on breaches of compliance with approved animal use protocols and Standard Operating Procedures (SOPs). The VPRI will be informed when breaches cannot be corrected by the ACC and will determine sanctions that will be taken;
  - d)** humanely euthanize an animal if pain or distress caused to the animal cannot be alleviated;

- e) conduct post approval monitoring of all research and teaching activities involving animals; and,
- f) have ongoing access to all areas where animals are held or used.

**3.2.** The ACC delegates to the consultant veterinarian(s) the authority to:

- a) treat, remove from a study or humanely euthanize an animal according to the veterinarian's professional judgment; and,
- b) proceed independently with any necessary emergency measures, whether or not the animal user and ACC Chair are available.

**3.3.** The consultant veterinarian(s), before exercising authority, must attempt to contact the ACC Chair and the animal user whose animal is in question before beginning any treatment that has not previously been agreed upon. The consultant veterinarian(s) will send a written report to the animal user and to the ACC following any such event.

#### **4. Safeguards and Non-compliance**

- 4.1.** Collegial working relationships must always be protected and promoted, but it is necessary to have in place safeguards to ensure any difficulties experienced with any aspect of animal care or use can be effectively identified and addressed. For serious non-compliance or threats to the health and safety of personnel or welfare of animals, the ACC Chair and ACC must promptly address these issues. Reports of non-compliance may come from the general community at large. Individuals raising such concerns must express their concerns in writing to the ACC Chair. Verbal concerns can be accepted when non-compliance situations require prompt attention; however, written documentation must follow post event. The ACC Chair will address the issues, through communications with the animal user(s), meetings and site visits in accordance with the University Policy on the Care and Use of Animals in Research and Teaching and associated procedures. The ACC, consultant veterinarian(s) and ACC Coordinator will work with the animal user(s) to ensure a resolution. All communications surrounding the event(s) will be documented in the ACC's Post Approval Monitoring reports.
- 4.2.** Non-compliance concerns that cannot be corrected or resolved with the ACC will be referred to the VPRI, who will inform all members of the animal care and use program about sanctions that will be taken by the administration. If the VPRI, has a real or perceived conflict of interest, the University President will determine sanctions.

#### **5. Membership and Term**

- 5.1.** The ACC is appointed by, and is responsible to the VPRI. ACC members will be appointed for terms of four (4) years and normally renewable only up to a maximum of eight (8) consecutive years of service. This maximum can be waived by the ACC if necessary in order to have appropriate animal user representation. This does not apply to ACC members who must be part of the ACC because of their role within the institution (e.g. ex officio members).
- 5.2.** The VPRI shall appoint a ACC Chair and ACC Vice-Chair from the complement of the ACC committee. The ACC Chair shall not be directly involved in the management of the animal care facilities, nor be the consultant veterinarian for the University, nor be involved in the preparation of a significant number of the protocols to be reviewed by the ACC in order to avoid potential conflicts of interest.
- 5.3.** The complement of the committee will include:
  - a) a minimum of two (2) scientists and/or teachers experienced in animal care and use, who may or may not be actively using animals during their term on the ACC;

- b) consultant veterinarian(s), experienced in care and use of animals used and housed at the University;
- c) an institutional member whose normal activities, past or present, do not depend on or involve animal use for research, teaching or testing;
- d) at least one (1) person representing community interests and concerns who has had no affiliation with the institution, and who has not been involved in animal use for research, teaching or testing; community representation must be ensured for all ACC activities throughout the year and included on all protocol review subcommittees;
- e) technical staff representation preferably an animal research technician;
- f) at least one student representative (graduate and/or undergraduate);
- g) the ACC coordinator (University Research Ethics Officer) who is responsible for the coordination of all animal care related activities and providing support to the ACC;
- h) a representative of the senior administration reporting to the VPRI (Director, Office of Research Services); and,
- i) a representative for occupational health & safety and biosafety.

## **6. Responsibility**

### **6.1. The ACC's responsibilities include but is not limited to:**

- a) ensure policies and guidelines are established in accordance to CCAC, provincial legislation and institutional standards to ensure appropriate care and use of animals at the University;
- b) ensure that written ACC approval is obtained prior to animal use or acquiring animals for research, teaching or testing projects. ACC approval must also be obtained prior to breeding or holding of animals for research, teaching or testing projects;
- c) ensure that ACC approval of a written animal use protocol is obtained prior to breeding, research, teaching, production or testing (including field studies) involving animals. For other animal based activities within the institution, the ACC will work with the individuals responsible for the activities to ensure appropriate procedures for animal care and use;
- d) require the completion of an animal use protocol by the animal user and ensure that the protocol includes the nature of all procedures to be used on the animal, the number and type of animals to be used and the anticipated level of discomfort or distress that the animal will likely experience. In addition, other key sections identified in the CCAC guidelines on Terms of Reference for Animal Care Committees must be included in the animal use protocol;
- e) review all animal use projects to ensure compliance with the University policies, CCAC guidelines, and applicable regulatory requirements at a full committee meeting;
- f) Confirm that each research project has undergone an independent peer review and has been found to have scientific merit, prior to issuing ACC approval. For non-peer reviewed projects, the ACC Administrative Procedure 003 Peer Review Process must be followed;
- g) review, propose modifications, reject or approve any amendments to an approved animal use protocol. ACC approval is required prior to implementation of any changes. Any major changes to an approved protocol will require submission of a new protocol to the ACC. A major change includes the following: considerable increase in the number of animals, change of species, addition of more invasive procedures and use of entirely new procedures compared to the original approved procedures. The ACC can deem changes as major at their discretion;

- h) review and approve annual renewals prior to study expiry. All renewals must be reviewed and approved by a scientist, consultant veterinarian(s) and community member and decisions will be reported back to the full ACC. A new submission will be required after a maximum of 3 consecutive renewals;
- i) document all ACC discussions and decisions in the committee minutes;
- j) participate in continuing education and training for the matters relating to animal use in research;
- k) ensure appropriate veterinary care is available commensurate with current veterinary standards, and consistent with the Standards of Veterinary Care as defined by the Canadian Association for Laboratory Animals Medicine (CALAM/ACMAL).
- l) promptly notify the CCAC Secretariat and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) of any program changes;
- m) submit and complete the CCAC and OMAFRA Animal Use Data Form before the yearly deadline;
- n) establish a crisis management plan for animal care and use facilities; and
- o) implement the Post-Approval Monitoring (PAM) program and ensure established procedures are in place.

## **7. Research Involving Multiple Institutions**

For off-site research, researchers are also responsible for obtaining the necessary ethics approval from any ACC or authorities that oversee research at the other institutions. An ethics review and approval or equivalent is required at each institution responsible for carrying out the research under its auspices regardless of where the research is conducted or led prior to study commencement

## **8. Meetings, Monitoring Visits and Inspections**

- 8.1.** The ACC will meet at least twice per year or more frequently as is necessary to fulfil their Terms of Reference and be satisfied that all animal use within their jurisdiction complies with institutional, municipal, federal and provincial regulations, and CCAC policies and guidelines. Meeting minutes will detail all ACC discussions, decisions, modifications to protocols, site and inspection visits, that will be forwarded to the VPRI.
- 8.2.** All ACC members will complete a general site visit to all facilities where animals are used, in order to better understand the work being conducted within the institution. The general site visit, by all members of the ACC, will occur once a year and can be completed individually or as a group.
- 8.3.** The Post Approval Monitoring Committee will have scheduled visits, which will be held on average every 6 months on a date mutually agreeable to by all parties concerned including the consultant veterinarian and animal users.
- 8.4.** At the discretion of the ACC, monitoring visits and inspections to the animal facilities can increase in frequency.

## **9. Quorum and Decisions**

- 9.1.** A quorum at ACC meetings shall be a simple majority of the committee members and shall include at least one community representative as well as the consultant veterinarian(s). Decisions are made by consensus.
- 9.2.** All delegated reviews must be approved by the ACC Chair/Vice-Chair, the consultant veterinarian(s) and community member. The final approval will be issued by the ACC.

## **10. Training and Education**

- 10.1.** Training opportunities are required for new ACC committee members to provide an understanding of the institutional animal care and use program, animal user facilities, institutional policies and procedures, CCAC guidelines and OMAFRA regulatory requirements.
- 10.2.** All ACC members should complete the CCAC's Modules on the Core Topics of the Laboratory Animal/Teaching Stream of the CCAC Recommended Syllabus. The University will also provide ongoing training and education for ACC members.
- 10.3.** All persons who care for and use animals for research, teaching or testing purposes, and the consultant veterinarian(s) must receive training under the auspices of the University Animal Care Committee in the protocols appropriate to the animal species being used. They must demonstrate competence ensuring maximum benefit to the animals. This would include, continuing education in their field; (scientists/study directors, post-doctoral fellows, graduate students and research technicians)

## **11. Terms of Reference Review**

- 11.1.** The ACC Terms of Reference, standard operating procedures and policies will be reviewed as necessary, and at least every three years (unless another timeframe is required for compliance purposes). The ACC and Office of Research Services are responsible to monitor and review these terms.

## **12. Policies with Specific Reference to ACC Terms of Reference**

CCAC Policy Statement for: Senior Administrators Responsible for Animal Care & Use Programs, 2008

CCAC policy statement on: terms of reference for animal care committees, 2006

CCAC Assessment Report: University of Ontario Institute of Technology, April 4, 2012

## **13. Other Policies Procedures & Guidelines**

CCAC policy statement on: scientific merit and ethical review of animal-based research, 2013

CCAC training modules on: Institutional Animal User Training Program

CCAC guidelines on: choosing an appropriate endpoint in experiments using animals for research, teaching and testing, 1998

CCAC guidelines on: animal use protocol review, 1997

CCAC policy statement on: ethics of animal investigation, 1989

University Animal Care and Use of Animals in Research and Teaching, 2013

University 004 Administrative Procedure: University Post Approval Monitoring Program

University 002 Administrative Procedure: Process for Reconsideration or Appeal of Decisions of the ACC

Classification Number	LCG 1121
Framework Category	Legal, Compliance and Governance
Approving Authority	Board of Governors
Policy Owner	VP Research
Approval Date	DRAFT AMENDMENTS FOR REVIEW
Review Date	
Supersedes	

## POLICY ON THE CARE AND USE OF ANIMALS IN RESEARCH AND TEACHING

### PURPOSE

1. This policy sets out the standards, requirements and responsibilities that apply to activities involving animals for research, teaching and testing purposes at the University of Ontario Institute of Technology (Ontario Tech).

### DEFINITIONS

2. For the purposes of this Policy the following definitions apply:

**“Animal Care Committee” (ACC)** oversee the ethical treatment of experimental animals used in research, teaching and testing at the University. The ACC strives to meet or exceed the expectations of the Canadian Council on Animal Care (CCAC) and requirements of the Ontario Animals for Research Act.

**“Animal Utilization Protocol (AUP)”** is the application form which animal users are required to complete and submit to the ACC for review. The AUP form is intended to provide the ACC with information about activities in individual laboratories and classrooms. This information is required for the ACC to meet its legal and ethical responsibilities.

**“Canadian Council on Animal Care (CCAC)”** is a national peer review agency responsible for setting and maintaining standards for ethical use and care of experiment animals used in research, teaching and testing in Canada. Compliance is monitored through its assessment program.

**“Ontario Animals for Research Act”** all experiment animals used in research, teaching and regulatory testing in Ontario fall under the auspices of the Ontario Animals for Research Act and compliance is overseen by the Chief Veterinary Inspector of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

**“Major modification”** are substantive issues which in the opinion of the committee, constitute as ethical, scientific or regulatory issues that are barriers to approval and must be satisfactorily addressed prior to issuing study approval major modifications required. To name a few, these issues can relate to technique, study design and/or animal welfare.

**“Minor modification”** are less substantive issues that require resolution or clarification, but are not immediate barriers to approval.

**“Replacement, reduction and refinement (3R’s)”** stand for replacement, reduction and refinement. The 3 R’s are accepted ethical principles for experimental animal use and care in research. Replacement refers to the method to avoid or replace the use of animals where an animal would have been used. Reduction refers to a strategy that will result in fewer animals being used for research. Refinement refers to modification of husbandry or experimental procedures to minimize pain and distress of animals used for research.

**“University”** means the University of Ontario Institute of Technology (Ontario Tech).

**“University Member”** means any individual who is:

- Employed by the University;
- Registered as a student, in accordance with the academic regulations of the University;
- Holding an appointment with the University, including paid, unpaid and/or honorific appointments; and/or
- Otherwise, subject to University policies by virtue of the requirements of a specific Policy and/or the terms of an agreement or contract.

## SCOPE AND AUTHORITY

3. This Policy applies to all research, teaching or other programs or activities involving the care and use of animals or animal tissues that is:
  - 3.1. Conducted by any individual or group affiliated with the University;
  - 3.2. Undertaken under the auspices of or in affiliation with the University, or in University owned facilities, or using University equipment, or resources.
4. Individual researchers and teachers, consultant veterinarian(s), and animal care personnel are responsible for conducting research and teaching activities in compliance with this policy. Researchers and teachers are also responsible for educating students on the rationale for and application of this policy, and for ensuring that student activities carried out under their supervision are approved in compliance with this policy.
5. The Vice-President Research & Innovation (VPRI), working in collaboration with the senior administrative team, Deans, and the Animal Care Committee (ACC), is responsible for ensuring that the University’s responsibilities in this area are met, that appropriate animal care and use operations are in place, and that all activities are conducted appropriately and in accordance with institutional and legislated policies and regulations.
6. The Vice-President Research & Innovation (VPRI), or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of this Policy.

## POLICY

The university is committed to the ethical care and use of animals for research, teaching and testing purposes when such activity promises to contribute to the understanding of fundamental biological principles or to the development of knowledge with a reasonable

expectation of benefit for humans or animals (Canadian Council on Animal Care policy statement).

In doing so, the University will be guided by the three tenets of replacement, reduction and refinement (3R's) in animal use, in order to minimize the harm to animals. To this end, the University, through the VPRI, will coordinate efforts to ensure that appropriate animal care and use operations are in place and are in compliance with the Ontario Animals for Research Act and its associated regulations, the Canadian Council on Animal Care (CCAC) policies and guidelines, and all other applicable standards and regulations set out in Section 4.

## **7. University Animal Care Committee**

- 7.1.** The University ACC shall oversee all research, teaching and testing conducted at the University involving the care and use of animals ensuring compliance with institutional and regulatory standards. The committee is responsible for coordinating, reviewing and approving the activities and procedures relating to the care of animals, the standards of care and facilities for animals, the training and qualifications of individuals involved in the care of animals, and the procedures for the prevention of unnecessary pain.
- 7.2.** The committee shall report to the VPRI, and be comprised of researchers and teachers experienced in animal care, as well as staff, students and community members who have not been involved in animal use for research, teaching or testing. The committee will also work in collaboration with animal users, veterinarians and animal care staff to oversee the ethical and appropriate use of animals.
- 7.3.** Decisions of the University Animal Care Committee may be appealed to the VPRI in accordance with the process for appeal of a decision of the ACC (002 SOP: Process for Reconsideration or Appeal of Decisions of the ACC)

## **8. Activities Involving Animal Use**

- 8.1.** All activities involving the use of animals for research, teaching and testing purposes shall be subject to ethical review, scientific merit, pedagogical review and approval by the University ACC. Researchers and teachers wishing to engage in activities involving animal use must receive written approval from the committee prior to the commencement of their activities. Animals shall not be used for research, teaching or testing purposes until all requirements outlined in this policy, as well as the most current federal and provincial legislation and applicable standards, guidelines, and regulations have been met.
- 8.2.** Approved activities involving animal use protocols shall be subject to ongoing monitoring by the University ACC, under the Administrative procedure 004: Post Approval Monitoring Program, to ensure that they remain appropriate and continue to meet institutional and legislated standards.
- 8.3.** Animals used for research, teaching and testing purposes shall be cared for according to current veterinary standards.

## **9. Training on Animal Care and Use**

- 9.1. All persons who care for and use animals for research, teaching or testing purposes must be trained under the auspices of the University Animal Care Committee in the protocols appropriate to the animal species being used, and must demonstrate competence ensuring maximum benefit to the animals.

**10. Non-Compliance**

- 10.1. The University ACC may stop any action or activity involving the care and use of animals that fails to comply with the approved animal use protocol, federal and provincial regulatory requirements, and/or institutional policies and procedures.

**11. Crisis Management**

- 11.1. The University ACC shall develop and regularly review a comprehensive crisis management program for the animal facilities and for the animal care and use program in conjunction with the general campus emergency response plan.

**MONITORING AND REVIEW**

12. This policy will be reviewed as necessary and at least every three (3) years (unless another timeframe is required for compliance purposes). The University ACC or successor thereof, is responsible to monitor and review this policy.

**RELEVANT LEGISLATION**

13. All activities involving the care and use of animals shall adhere to the requirements of this policy, as well as the most current federal and provincial legislation and all applicable standards, guidelines and regulations set out by the following bodies:
- Animals for Research Act (OMAFRA, Province of Ontario)
  - Canadian Council on Animal Care (CCAC) – Good Animal Practice (GAP)
  - Occupational Health and Safety Act (R.S.O. 1990) and regulations
  - Health of Animals Act
  - Containment Standards for Facilities Handling Aquatic Animal Pathogens
  - National Aquatic Animal Health Program (co-delivered by DFO and CFIA)
  - Canadian Association for Laboratory Animal Medicine (CALAM)
  - Canadian Association for Laboratory Animal Science (CALAS)
  - Canadian Veterinary Medical Association (CVMA)
  - Tri-Agency (Memorandum of Understanding (MOU) on the Roles and Responsibilities in the Management of Federal Grants and Awards)
  - Canadian Food Inspection Agency and Fish Pathogens (CFIA)
  - Department of Fisheries and Oceans (DFO)
  - Any other regulatory body that guides in the care and use of specific animals.

**RELATED POLICIES, PROCEDURES & DOCUMENTS**

14. Post Approval Monitoring Program and Related documents (Administrative procedure 004: University Post Approval Monitoring Program)

Process for Appeal of Decisions of the ACC (Administrative procedure 002: Process for Appeal of Decisions of the ACC)

University Animal Care Committee Terms of Reference

Purchasing Policy and Procedures

University Emergency Preparedness Plan and Animal Care and Use Crisis Management Plan

Requirements for Working with Animals

Biosafety Manual

Radiation Safety Manual

Integrity in Research and Scholarship

Animal Use Protocol Form

Annual Renewal Request Form

Incident Report Form

Pedagogical Merit

Peer Review Form

Amendment Request Form

Competency Assessment Form: Aquatics Lab

Competency Assessment Form: Amphibian Lab

Classification	LCG 1121.01
Parent Policy	Policy on the Care and Use of Animals in Research and Teaching
Framework Category	Legal, Compliance and Governance
Approving Authority	Board Committee
Policy Owner	VP Responsible for Research
Approval Date	DRAFT
Review Date	
Supersedes	

## REVIEW AND APPROVAL OF ANIMAL USE PROTOCOLS

### PURPOSE

1. The purpose of these procedures are to describe the Animal Care Committee's (ACC) review and approval process for animal-based research conducted at the University of Ontario Institute of Technology (UOIT).

### DEFINITIONS

2. For the purposes of these procedures the following definitions apply:

**"Animal Care Committee (ACC) Coordinator"** is the Research Ethics Officer at the University who is responsible for the coordination of all animal care related activities and provides support to the ACC.

**"Animal Utilization Protocol (AUP)"** is the application form which animal users are required to complete and submit to the ACC for review. The AUP form is intended to provide the ACC with information about activities in individual laboratories and classrooms. This information is required for the ACC to meet its legal and ethical responsibilities.

**"Canadian Council on Animal Care (CCAC)"** is a national peer review agency responsible setting and maintaining standards for ethical use and care of experiment animals used in research, teaching and testing in Canada.

**"Ontario Animals for Research Act"** all experiment animals used in research, teaching and regulatory testing in Ontario fall under the auspices of the Ontario Animals for Research Act. The Chief Veterinary Inspector of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) oversees compliance to this Act.

**"Major modification"** are substantive issues which in the opinion of the committee, constitute as ethical, scientific or regulatory issues that are barriers to approval and must be satisfactorily addressed prior to issuing study approval major modifications required. To name a few, these issues can relate to technique, study design and/or animal welfare.

**"Minor modification"** are less substantive issues that require resolution or clarification, but are not immediate barriers to approval.

**"Principal Investigator (PI)"** in research involving animals, is the person who is a University member and leads a research project. The PI is also responsible for overseeing all aspects of the research project.

**“University Member”** means any individual who is:

- Employed by the University;
- Registered as a student, in accordance with the academic regulations of the University;
- Holding an appointment with the University, including paid, unpaid and/or honorific appointments; and/or
- Otherwise, subject to University policies by virtue of the requirements of a specific Policy and/or the terms of an agreement or contract.

**“University”** means the University of Ontario Institute of Technology (Ontario Tech).

### **SCOPE AND AUTHORITY**

3. These procedures apply to all animal-based research and teaching carried out under the authority of UOIT.
4. **Responsibility**  
The Animal Care Committee (ACC) Chair, Co-chair, ACC members, Principal Investigator (PI) and ACC designate are responsible for executing this procedure.
5. The Vice-President Research & Innovation (VPRI), or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of these Procedures.

### **PROCEDURES**

All new animal-based research and teaching carried out under the authority of UOIT, shall be subject to an ethics review from the ACC to ensure compliance with the Canadian Council on Animal Care (CCAC) and the Ontario Animals for Research Act. Research may not commence until the ACC has approved the protocol and an approval letter has been issued.

#### **6. Initial Animal Utilization Protocol (AUP) Submission**

- 6.1. Initial AUP submissions are pre-reviewed by the ACC Coordinator for completeness. The PI is notified if there are any missing elements to the AUP submission. Once AUP submissions are deemed as complete, a review of the AUP is organized in consultation with the ACC Chair. There are also opportunities for animal users to request for pre-submission consultations to address administrative or veterinary concerns. AUPs are reviewed at a convened ACC meeting with review materials circulated in advance to all ACC members for review and comment.

#### **7. ACC Review Process**

- 7.1. The ACC will review AUPs in a fair, equitable and consistent manner. As described in the CCAC policy statement on Scientific Merit and Ethical Review of Animal-based Research (2013), all proposed AUPs would undergo two levels of review.
  - a) An independent, expert peer review of the scientific merit of the research program or project; and

- b)** A review by the full ACC to assess if the proposed animal use is acceptable and whether the proposed animal-based methods are appropriate.
- 7.2.** For AUPs that have been funded by a federal or provincial granting agency and have undergone a scientific peer review process, the results may be accepted by the ACC as evidence of scientific merit. For AUPs that have not received a scientific peer review (e.g. internally funded projects, or projects that have been funded by a source where a scientific peer review has not been completed), PIs must follow Administrative Procedure 003 (Peer Review Process) to organize an independent scientific peer review process. Scientific peer reviews must be included in the AUP review package.
- 7.3.** All live animal-based teaching or training activities that require an AUP must undergo a pedagogical merit review. PIs must follow Administrative Procedure 005 (Pedagogical Merit Review for Animals in Teaching).
- 7.4.** ACC meetings are held at least twice annually, or as frequently as necessary to fulfil the responsibility of the committee. At the meeting, the AUP is reviewed and discussed by ACC members to ensure that the animal-based methods are appropriate for the work, meet institutional and CCAC requirements.
- 7.5.** Quorum shall be a simple majority of the committee members; however, quorum must include at least one (1) community representative and one (1) consultant veterinarian. Quorum must be maintained throughout the duration of the meeting.

## **8. ACC Decisions**

- 8.1.** The ACC Chair is responsible for ensuring that a decision is made for every submission reviewed by the committee. The decision must be clearly understood, and the delegation of responsibility for considering any further information prior to issuing approval is clearly agreed. In the event that the duties of the Chair cannot be fulfilled, the Vice-Chair shall be named designate and shall carry out all of the Chair's functions as follows: 1) when the Chair is absent; 2) when there is a conflict of interest; or 3) when designated by the Chair.
- 8.2.** The ACC has the authority to render one of the following decisions about the AUP under review:
  - a)** Approval (as is): No changes are required to the AUP and approval is granted as is.
  - b)** Approval with minor modifications: The AUP is approved, provided that the minor modifications requested by the ACC are addressed. The AUP approval letter will outline the modification required.
  - c)** Deferral (major modifications required): The ACC may defer action if there are questions that must be addressed prior to a decision being rendered. AUPs with a decision of deferral with major modifications required, relate to issues surrounding technique, study design or animal welfare.

- d) Minor/Major Modifications: For AUPs requiring minor modifications, the PI responses can be reviewed by the ACC Chair, consultant veterinarian and community member. Whereas, AUPs requiring major modifications, the PI responses to the modifications are required to undergo a full review at the next convened ACC meeting.
- e) Rejection: An AUP is rejected if the stated research cannot be carried out on ethical or procedural grounds. PIs have the right to request reconsideration and/or appeal the decision of the ACC. (See Administrative Procedure 002 Process for Reconsideration or Appeal of Decisions of the ACC).

- 8.3. The decisions rendered by the ACC will be made by consensus at a convened meeting. In cases where consensus cannot be achieved, a majority vote will be taken. All decisions of the ACC are communicated in writing to the PI post meeting.
- 8.4. For AUPs with modifications requested, the PI must respond to the ACC correspondence within the body of the letter and provide supporting documentation as necessary. Responses are required within three (3) months from when the ACC correspondence was sent. Failure to respond after three (3) months will result in the automatic closure of the file. If the PI decides to proceed with the research after the file has been formally closed, the PI will be required to submit a new AUP to the ACC for review.
- 8.5. Research activities may commence once the ACC deems the AUP as ethically acceptable in practice and a written letter of approval is issued by the ACC.

## **9. ACC Documentation**

- 9.1. All aspects of the review process and communications in connection with the review and approval of the AUP are documented in the ACC's respective study file. Meeting minutes will capture the review discussion of the AUP, modifications required, category of invasiveness assessment and ACC decision.

## **MONITORING AND REVIEW**

- 10. These procedures will be reviewed as necessary and at least every three years. The ACC Chair, ACC Vice-Chair and ACC Coordinator are responsible to monitor and review these Procedures.

## **RELEVANT LEGISLATION**

- 11. Ontario Animals for Research Act

## **RELATED POLICIES, PROCEDURES & DOCUMENTS**

- 12. Canadian Council on Animal Care (CCAC) standards and guideline documents  
University Policies and Guidelines: Requirements for Working with Animals Guide  
University Animal Care Committee Terms of Reference

CCAC policy statement on: scientific merit and ethical review of animal-based research, March 2, 2013

ACC Administrative Procedure 003 Peer Review Process

ACC Administrative Procedure 002 Process for Reconsideration or Appeal of Decisions of the ACC

Classification	LCG 1121.02
Parent Policy	Policy on the Care and Use of Animals in Research and Teaching
Framework Category	Legal, Compliance and Governance
Approving Authority	Board Committee
Policy Owner	VP Responsible for Research
Approval Date	DRAFT
Review Date	
Supersedes	

## PROCESS FOR RECONSIDERATION OR APPEAL OF DECISIONS OF THE ACC

### PURPOSE

1. The purpose of these Procedures is to describe the University of Ontario Institute of Technology (Ontario Tech) reconsideration or appeal process for unfavourable decisions rendered by the Animal Care Committee (ACC) on animal-based research protocols. This procedure has been set out in accordance with the Canadian Council on Animal Care (CCAC) policy statement on Terms of References for Animal Care Committees.

### DEFINITIONS

2. For the purposes of these Procedures the following definitions apply:  

**“Animal Care Committee (ACC) Coordinator”** is the Research Ethics Officer at the University who is responsible for the coordination of all animal care related activities and provides support to the ACC.

**“Animal Utilization Protocol (AUP)”** is the application form which animal users are required to complete and submit to the ACC for review. The AUP form is intended to provide the ACC with information about activities in individual laboratories and classrooms. This information is required for the ACC to meet its legal and ethical responsibilities.

**“Principal Investigator (PI)”** in research involving animals, is the person who is a University member and leads a research project. The PI is also responsible for overseeing all aspects of the research project.

**“University”** means the University of Ontario Institute of Technology (Ontario Tech).

### SCOPE AND AUTHORITY

3. These Procedures apply to decisions rendered by the Animal Care Committee on animal-based research protocols.
4. **Responsibility**  

The ACC Chair, Vice-chair, ACC members, the Office of the Vice-President Research & Innovation (VPRI) and ACC designate are responsible for executing this procedure.
5. Vice-President Research & Innovation (VPRI), or successor thereof, is the Policy Owner and is responsible for overseeing the implementation, administration and interpretation of these Procedures.

## **PROCEDURES**

The ACC encourages on-going discussions with investigators, through the ACC Coordinator relating to the submission of a new animal utilization protocol (AUP). When a decision regarding an AUP or renewal is found to be unfavourable to the Principal Investigator (PI), the PI has the right to request for reconsideration or an appeal to the decision of the ACC.

6. When a PI wishes to request for reconsideration or appeal the decision made by the ACC, a formal written request must be sent to the ACC Coordinator no later than 30 days after a written decision has been rendered by the ACC.

### **7. Reconsideration Requests**

- 7.1. Reconsideration requests are reserved for instances when a PI is in disagreement with the ethics review feedback or decision on an AUP. Reconsideration requests and decisions are managed at the level of the ACC. Requests must be submitted to the ACC Coordinator in writing no later than 30 days after the written decision letter has been rendered by ACC. The reconsideration request, along with any supporting documents are sent to the members of the ACC for immediate discussion and review at a convened meeting. A request to attend the ACC meeting may be extended to the PI to discuss the ruling and provide more information, if required. Post meeting, the ACC may decide if the initial ruling will be overturned or the initial decision of the ACC will be upheld. When the initial ruling is overturned, the ACC and PI will collaboratively work to reach a resolution. When the initial decision is upheld, the PI may request an appeal of the decision.

### **8. Appeal Requests**

- 8.1. Appeal requests are reserved for instances when a resolution has not been reached despite extensive discussions and reasonable attempts to find an agreement through a reconsideration request (section 7.1). Formal written request must be sent to the ACC Coordinator no later than 30 days after the written decision is rendered by the ACC. A written response from the VPRI or delegate will be sent to the PI within 10 days of receiving the appeal to acknowledge the request and describe the appeal process and requirements. The ACC Chair and the academic department chair will receive copies of all correspondence.

### **9. Appeal Committee**

- 9.1. An external Animal Care Committee with requisite knowledge and experience will serve as the external ad-hoc appeal board ("appeal board") to ensure arm's length review. The VPRI will be responsible for identifying and appointing an appeal board.
- 9.2. The appeals committee will follow their institutional policies and procedures for conduct of an appeals hearings and will render a decision on the appeals request.

### **10. Appeals Review**

- 10.1. The Appeal Committee shall receive the following documentation for review of the appeal:

- a) All documents available at the ACC meeting(s) related to the appeal, i.e. original AUP; decision letter, etc.
  - b) All minutes of the ACC meeting(s) related to the appeal; and
  - c) PI's appeal letter and supporting documents.
- 10.2.** The appeal committee may request additional material from either the PI or the ACC Chair, and/or may seek advice from an expert(s) and/or may have a resource person(s) attend any or all portion of its meeting.
- 10.3.** The PI shall be given the opportunity to present the grounds for the appeal and speak to the issues. At the same time, the ACC Chair shall be given the opportunity to present the reasons for the decision of the ACC and speak to the issues.

**11. Decision Making**

- 11.1.** The entire appeal process will take 90 days from the date the reconsideration or appeal request was acknowledged by the ACC to the date a final decision is rendered. The appeal committee shall provide a written decision to the PI and the VPRI. The decision of the appeal board is considered final and no further appeals will be granted.

**MONITORING AND REVIEW**

- 12.** These Procedures will be reviewed as necessary and at least every three years. The ACC Chair, ACC Vice-Chair and ACC Coordinator are responsible to monitor and review these Procedures.

**RELEVANT LEGISLATION**

- 13.** Ontario Animals for Research Act

**RELATED POLICIES, PROCEDURES & DOCUMENTS**

- 14.** Canadian Council on Animal Care (CCAC) standards and guideline documents  
University Animal Care Committee Terms of Reference



**BOARD OF GOVERNORS**  
**AUDIT & FINANCE COMMITTEE**

**MINUTES OF THE MEETING OF NOVEMBER 20, 2019**  
**PUBLIC SESSION**  
**2:00 p.m. – 3:50 p.m., ERC 3023**

**Attendees:** Nigel Allen (Chair), Stephanie Chow (*via teleconference*), Steven Murphy, Dietmar Reiner

**Staff:** Becky Dinwoodie, Cheryl Foy, Les Jacobs (*via teleconference*), Lori Livingston, Brad MacIsaac, Pamela Onsiong

**Regrets:** Doug Allingham, Dale MacMillan

**Guests:** Chelsea Bauer (FA), Bobbi-Jean White and Reagan Travers (KPMG)

**PUBLIC SESSION**

**1. Call to Order**

The Chair called the meeting to order at 2:00 p.m.

**2. Agenda**

S. Chow requested the addition of a non-public Investment Committee update as agenda item 17.

*Upon a motion duly made by D. Reiner and seconded by S. Murphy, the Agenda was approved as amended.*

**3. Conflict of Interest Declaration**

There was none.

**4. Chair's Remarks**

The Chair welcomed everyone to the first official committee meeting of the 2019-2020 Board year. He noted that the committee meetings this year would be held by videoconference and the Board meetings would be held in person. The Governance, Nominations and Human Resources Committee will be seeking governors' feedback on the transition to videoconference meetings later in the year. He welcomed guests to the meeting.

## 5. President's Remarks

The President shared that it has been a great kick off to the academic year. The community returned to a newly branded campus, which has been positively received by the internal and external communities. Sticky campus initiatives are in full swing. The President gave a special mention to the university's women's lacrosse team, who hosted the OUA Championships and played extremely well. The games were well attended by faculty, staff and students. He also noted several governors attended the annual Campus Cup soccer match with Durham College. The basketball seasons are also underway. Despite the youth of the teams, they are playing competitively.

The President discussed his recent attendance at the Ontario Economic Summit, where he had the opportunity to speak with the new Minister of Colleges and Universities. He also reported on his recent trip to Dublin, where he focused on strengthening partnerships and looking to capitalizing on the university's work in the energy sector.

## 6. Finance

### 6.1 Second Quarter Financial Reports

P. Onsiong reviewed the second quarter financial reports. Several of the highlights included:

- net addition of \$22m in capital assets (Moving Ground Plane \$5.1m, new building \$5.3m, basketball change rooms \$1.3m, \$4.5m major equipment and FF&E, \$3.8m building and lab renovations and net \$2.0m computer equipment and laptops);
- accounts payable and accrued liabilities increased \$3.3m due to timing of recording and payment of invoices (\$1.8m in trade payables including construction invoices, \$0.7m of student ancillary fees billed to students on behalf of third parties, and other immaterial variances);
- paid down \$6.7m debt over last 12 months; and
- net deficit of \$8.7m at end of second quarter – typical because of relatively higher start up costs and due to increase in salary and benefits.

P. Onsiong explained that the university's financial metrics appear less favourable than in prior years because the university is using capital reserves for building and the tension between revenue and expenses. There was a discussion as to by increasing international student enrolment, the ratios would improve. P. Onsiong also reviewed the 2019-2020 operating forecast summary. She advised that the forecast surplus on a generally accepted accounting principle basis, after adjusting for non cash transactions and for items that are not included in the budget, is \$1.3m. P. Onsiong and B. MacIsaac responded to questions from the committee. The Chair thanked P. Onsiong for the thorough notes in the financial statements.

### 6.2 2019-2020 Enrolment

B. MacIsaac provided an enrolment update. On day 10, the university had a total of 10,500 students (about 50 higher than last year). He discussed the students' ability to opt out of ancillary fees. By day 10, about 5% of the university's students opted out of the specified ancillary fees. Other institutions are experiencing rates of approximately

20-30% of students opting out. There is only a small difference between the number of undergraduate and graduate students opting out. The university worked closely with the Student Union (SU) to develop a strategy relating to the ancillary fees. B. MacIsaac responded to questions. The committee discussed whether any contingency had been planned for a possible increase in students opting out. B. MacIsaac advised that they are using a 25% opt out rate for planning purposes. He also advised that the SU has been actively promoting the initiatives being provided by the SU and student societies.

### **6.3 Budget Assumptions, Targets & Outcomes**

B. MacIsaac reminded the committee of the implementation of 2- year budgeting process. He reviewed the key 2020-21 budget assumptions, which were set out in the accompanying presentation included in the meeting material. He advised that the university has retained student recruitment agencies in China and India. The committee discussed the targets set for international students. B. MacIsaac confirmed that the targets were pressure tested. There was also a discussion about how a decrease in enrolment would affect planning for the new building. P. Onsiong presented the draft high-level operating budget for 2020-2021. The goal is to achieve a balanced budget to present in April. The university is exploring options for savings and potential reductions. L. Livingston discussed the fiscal constraints. The university community is aware that we are working within a constrained fiscal environment. Budget holders were already asked to implement a 2-year budget cut strategy. There is concern about morale. One possibility will be to reduce professional development and travel expenses by 50% across the board (including senior administrators).

(L. Jacobs joined at 2:55 p.m.)

There was a discussion regarding strategic hiring. When the university introduces a new program, it is initially implemented with existing resources and then needs are re-evaluated. The university is not hiring in anticipation of demand.

## **7. Investment Committee Oversight**

### **7.1 Quarterly Report**

S. Chow delivered the quarterly investment report. She advised that the portfolio is currently valued at \$27m and the cash account is at \$432,000. The portfolio's performance was slightly behind benchmark for the quarter. She reported that there was a turn around in the Market Neutral Fund's performance in September and October.

## **8. Project Updates**

### **8.1 New Building**

B. MacIsaac provided a progress update on the new building project. Those attending the meeting in person would have noticed the crane is now onsite. The next noticeable milestone will be in January, when the first floor pillars will be up.

## 8.2 ACE Enhancement

B. MacIsaac reported that the building extension stage of the project was complete. There was only a slight delay due to union strikes; however, there was no negative impact on project timing or the work of ACE. The work on the integration of the moving ground plane (MGP) is underway. B. MacIsaac provided an overview of the history of the MGP project, which started in 2011-2012. The initial funding requests were made many years ago, which resulted in a gap between the time the project was submitted for FedDev funding and when it was approved. B. MacIsaac explained the forecasted increase of the project cost. In addition to an increase of \$575,000 for the project, a contingency of \$215,000 (2% of the total of the project) was also requested. B. MacIsaac responded to questions from the committee. The committee discussed the forecasted cost overrun, as well as the reasons for the change in projected project cost.

(O. Petrie joined at 3:00 p.m.)

*Upon a motion duly made by N. Allen and seconded by D. Reiner, the Audit and Finance Committee approved the following motion:*

*WHEREAS the university's ACE Enhancement Project (AEP) is being funded through FedDev Ontario (up to \$9.465M), a provincial grant (\$1.5M), a contribution from Magna (\$1M), and the remainder from the institution unless other gifts are received;*

*WHEREAS the AEP is being conducted in two stages and the first stage of modifications of the ACE building to accommodate the installation of the moving ground plane (MGP) is complete;*

*WHEREAS the second stage of the AEP has begun, which involves the integration of the MGP into ACE's current technical systems and is targeted for completion by March 31, 2020;*

*WHEREAS on November 29, 2018, the Board of Governors approved the award of the ACE Building modification contract in an amount not to exceed \$4.1M and multiple MGP integration contracts in a sum not to exceed \$10.4M;*

*WHEREAS on February 20, 2019 A&F was presented with an information update that the forecast costs to completion are \$14.86M, which have increased \$360K from last report. The increase was based on initial quotes received for MGP Integration component, where inflation, tariffs, and obsolete controls on MGP have increased costs;*

*WHEREAS all contract quotes are now complete; however, there is no additional contingency in the budget;*

*AND WHEREAS the recommendation of management is to establish a two percent reserve or \$215,000;*

*NOW THEREFORE, pursuant to the recommendation of management, the Audit and Finance Committee hereby recommends:*

- that the Board of Governors approves increasing the sum of the multiple MGP integration contracts by \$575,000 to a total of \$10.975M; and*

- *that the Board of Governors authorizes and directs the President and/or the Chief Financial Officer, for and in the name of the university, to execute and deliver (under the corporate seal or otherwise) all such other documents and do all such other acts as may be necessary or desirable to give effect to this resolution."*

(P. Bignell joined at 3:11 p.m.)

### **8.3 Campus Recreation & Wellness Centre Expansion (CRWC)**

B. MacIsaac provided an update on the CRWC project, which was included in the meeting material. The project was completed on time for the inaugural basketball home games. B. MacIsaac clarified the change orders.

### **8.4 AVIN**

L. Jacobs delivered an update on the AVIN project. He discussed the university's contributions to the project to date. The university has brought in more industry contributions than anticipated. C. Foy provided further background to the AVIN project, which is a multi-year agreement and the contributions of Spark and Durham College were anticipated to be smaller than the university's.

(L. Jacobs exited at 3:27 p.m.)

## **9. Risk, Compliance & Policy**

### **9.1 Risk, Compliance & Policy Update**

C. Foy delivered a risk, compliance and policy update. She reported on the addition of a compliance officer to the team and was pleased to advise good progress is being made. She advised that there are many low hanging fruit and the focus is on research compliance, and human rights. The goal is to complete a compliance manual this year. There was a discussion regarding trade compliance (controlled goods) and copyright compliance. They will also be examining the health and safety framework.

C. Foy provided a risk management update. They are four years into the risk program and there is good activity happening. The Risk Director has been meeting with risk owners to update the university's risk registers. The Director is reporting that the tone at the top is very positive and there is a high level of engagement and greater understanding of risk. The university continues to fill policy gaps.

### **9.2 Freedom of Expression Annual Report**

L. Livingston presented the university's first annual Freedom of Expression report. She highlighted that the university received no complaints related to the implementation of the policy. She also discussed the recent release of the HEQCO Report and advised that HEQCO will provide institutions with a reporting template next year.

## Policy

### 9.3 AODA Policy Instruments:

#### (a) Accessibility Policy

C. Foy presented the draft policy for the committee's consideration. The policy and related procedures are coming forward as a result of the university's compliance work and will form part of the university's AODA reporting. The university will be re-establishing the accessibility working group. C. Foy reviewed the consultation process, as well as the numerous ways that feedback on the policy documents may be provided.

*Upon a motion duly made by D. Reiner and seconded by S. Chow, the Audit and Finance Committee recommended the Accessibility Policy, as presented, for approval by the Board of Governors.*

#### (b) Procedures for Accommodating Employees with Disabilities

#### (c) Procedures for Accommodating Students with Disabilities

*Upon a motion duly made by D. Reiner and seconded by S. Chow, the Audit and Finance Committee approved the Procedures for Accommodating Employees with Disabilities and Procedures for Accommodating Students with Disabilities, as presented.*

#### (d) Procedure for Use of Service Animals

O. Petrie presented the procedure for approval. She explained that the procedure formalizes the university's practices with respect to service animals and provides guidance with respect to processes for service animals on campus.

*Upon a motion duly made by D. Reiner and seconded by S. Chow, the Audit and Finance Committee approved the Procedure for the Use of a Service Animal by Students with Disabilities, as presented.*

### 9.4 Payment Card Industry (PCI) Compliance Policy Instruments

(C. Bauer and O. Petrie left at 3:36 p.m.)

P. Bignell provided the background to the proposed PCI policy documents. The IT Team has been working with the Compliance Officer to develop the compliance program. He responded to questions from the committee.

#### (a) Information Security Policy

#### (b) PCI Sustainability Policy

*Upon a motion duly made by N. Allen and seconded by S. Chow, the Audit and Finance Committee recommended the Information Security Policy and PCI Sustainability Policy, as presented, for approval by the Board of Governors.*

**(c) PCI Sustainability Procedure**

*Upon a motion duly made by D. Reiner and seconded by S. Chow, the Audit and Finance Committee approved the PCI Sustainability Procedures, as presented.*

(R.Travers arrived at 3:47 p.m.)

**10. Consent Agenda:**

*Upon a motion duly made by D. Reiner and seconded by S. Chow, the Consent Agenda was approved as presented.*

**10.1 Terms of Reference Review**

**10.2 Minutes of Public Session of Meeting of June 10, 2019**

**11. Other Business**

**12. Adjournment**

*Upon a motion duly made by D. Reiner, the public session adjourned at 3:58 p.m.*

Becky Dinwoodie, Secretary



## COMMITTEE/BOARD REPORT

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### SESSION:

Public ☒  
Non-Public ☐

### ACTION REQUESTED:

Decision ☐  
Discussion/Direction ☐  
Information ☒

Financial Impact ☐ Yes ☒ No      Included in Budget ☐ Yes ☒ No

TO:                      Audit and Finance Committee

DATE:                  February 19, 2020

PRESENTED BY:      Andy Gallagher

SUBJECT:              Ontario Tech Credit Rating 2019

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### COMMITTEE/BOARD MANDATE:

- The Audit and Finance Committee is responsible for overseeing the financial affairs of the University with respect to all auditing, financial reporting and internal systems and control functions, budget approvals, risk management, and other internal and external audit functions and activities at the university.
- This report provides an update on Ontario Tech credit ratings, which were issued in December 2019 (DBRS) and October 2019 (Moody's).

### BACKGROUND/CONTEXT & RATIONALE:

- Ontario Tech has issued debt (debentures) initially valued at \$220M. Covenants in the First Supplemental Indenture Agreement require annual credit ratings from two credit rating agencies. The University uses Dominion Bond Rating Services (DBRS) and Moody's Investor Service.
- Reviews with both agencies are conducted annually.
- Moody's has confirmed our Credit Rating at A1 - Stable.
- DBRS has confirmed our Credit Rating as A (low) - Stable
- Although Ontario Tech ratings have trended positively over the past five years, our credit rating remains at the low end of the range in our sector. This is due to high debt levels which are a consequence of the Provincial choice to have Ontario Tech fund its own initial infrastructure costs.

- In reaffirming their ratings, both rating agencies acknowledged Ontario Tech's positive operating results while highlighting the pressures on Tuition Fees and government funding.

**IMPLICATIONS:**

- Credit ratings assess a debtor's ability to pay back debt by making timely interest payments and the likelihood of default. It affects the interest rate that a security pays out, with higher ratings leading to lower interest rates. A credit rating also facilitates the trading of securities on a secondary market. For Ontario Tech, an improved credit rating would result in lower borrowing costs on future debts.
- Rating reports, and Credit Opinions for Moody's and DBRS are attached, along with an historical summary of Ontario Tech credit ratings.

**NEXT STEPS:**

- Continue working with DBRS and Moody's to provide information, highlight Ontario Tech's operational improvements, and to ensure our credit rating accurately reflects the university's fiscal position.

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**SUPPORTING REFERENCE MATERIALS:**

- Moody's Credit Opinion
- DBRS Rating Report
- DBRS Credit Rating History

## CREDIT OPINION

29 October 2019

### Update

 Rate this Research

#### RATINGS

**University of Ontario Institute of Technology**

Domicile	Ontario, Canada
Long Term Rating	A1
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

#### Contacts

Adam Hardi, CFA +1.416.214.3636  
AVP-Analyst  
adam.hardi@moody's.com

Michael Yake +1.416.214.3865  
VP-Sr Credit Officer/Manager  
michael.yake@moody's.com

Alejandro Olivo +1.212.553.3837  
Associate Managing Director  
alejandro.olivo@moody's.com

David Rubinoff +33.1.5330.3419  
MD-Sub Sovereigns  
david.rubinoff@moody's.com

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# University of Ontario Institute of Technology (UOIT) (Canada)

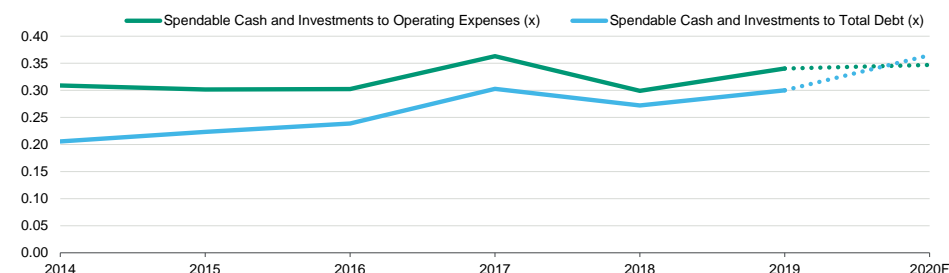
## Update to credit analysis

### Summary

The credit profile of the [University of Ontario Institute of Technology](#) (A1 stable) (UOIT) reflects strong operating cash flows and solid levels of liquidity from cash, investments and reserve growth. UOIT receives a CAD 13.5 million annual debt service subsidy from the [Province of Ontario](#) (Aa3 stable) which alleviates financial pressure and contributes to the strong cash flow and declining debt burden despite elevated debt levels. The credit profile also reflects UOIT's small size, with physical capacity constraints on its campus, which limits its ability to increase revenues through enrolment growth. Credit pressures also arise from revenue challenges from a 10% tuition fee cut for domestic students for 2019/20 and a freeze for 2020/21 mandated by the province, and a declining university age population in the province.

Exhibit 1

### Ability to generate strong cash flows has led to improving leverage ratios Year ending March 31



Source: Moody's Investors Service, UOIT

### Credit strengths

- » Ability to generate strong operating cash flows despite challenges
- » Solid levels of liquidity from cash, investments and reserve growth
- » Declining debt burden given forecast of limited upcoming debt issuances

### Credit challenges

- » Revenue constraints from mandated tuition fee cuts and declining demographics
- » Limited capacity to expand physical infrastructure
- » Weaker research profile and fundraising capacity than peers

## Rating outlook

The stable outlook reflects our opinion that the university will be able to maintain stable levels of cash and reserves that cushion its debt levels, along with manageable operating pressures.

## Factors that could lead to an upgrade

A significant improvement in the university's liquidity profile, as measured by spendable cash and investments, or an ability to maintain strong liquidity metrics if debt was required to expand capital, could put upward pressure on the rating.

## Factors that could lead to a downgrade

A significant weakening in operating results with consistent operating deficits, or a decline in liquidity as a result of weaker enrolment levels or a deterioration in expenditure controls would put downward pressure on the rating.

## Key indicators

### University of Ontario Institute of Technology

Year ending March 31

Key Indicators	2015	2016	2017	2018	2019
Operating Revenue (CAD '000) [1]	177,789	179,564	187,460	198,043	196,317
Annual Change in Operating Revenue (%)	4.0	1.0	4.4	5.6	(0.9)
Operating Cash Flow Margin (%)	23.5	21.3	23.0	23.3	18.6
Total Cash and Investments (CAD '000)	53,660	62,862	80,936	77,876	88,970
Spendable Cash and Investments to Operating Expenses (x)	0.30	0.30	0.36	0.30	0.34
Total Debt to Cash Flow (x)	5.8	6.1	5.1	4.5	5.5

[1] Revenue net of scholarship expenses

Source: Moody's, UOIT

## Detailed credit considerations

The credit profile of UOIT, as expressed in its A1 stable rating, combines (1) a baseline credit assessment (BCA) of a3, and (2) a very high likelihood of extraordinary support coming from the Province of Ontario in the event that the university faced acute liquidity stress.

### Baseline credit assessment

#### Ability to generate strong operating cash flows despite challenges

UOIT continues to generate strong operating cash flows from solid revenues despite some weakening in 2018/19. Given the strength of management to overcome pressures, we expect that operating cash flows relative to adjusted operating revenues over the next 1-2 years will fall within a range similar to what we have observed over the last five years, which ranged between 18% and 24% between 2014/15 and 2018/19.

Although cash flows are constrained by provincial restrictions on tuition growth and by capacity constraints at the university, UOIT retains some flexibility to control expenditures, including lower operating expenses and lower capital expenditures through cutbacks in IT and equipment costs. The development of a non-tenure eligible teaching track stream for academic staff and a defined contribution pension plan support this flexibility. As a result, continued emphasis on expenditure growth will mitigate a low growth environment for revenues.

The ability to generate meaningful cash flow is supported by annual debt service subsidies from the Province of Ontario. In 2012 the university signed an agreement with the province guaranteeing an annual debt service subsidy of CAD 13.5 million, which it receives in equal semi-annual instalments. While this transfer is earmarked specifically for debt service of the university's 2004 debenture, this amount is included in our calculation of operating revenues for the university. Even when excluding the debt service subsidy from operating revenue, operating cash flow margins would remain strong and in line with highly rated Canadian university peers.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

**Solid levels of liquidity from cash, investments and reserve growth**

UOIT's liquidity profile improved significantly over the past five years, with continued improvement in cash and liquid investment levels expected over the next 1-2 years, driven by rising portfolio investments including budgeted contributions to reserves. At March 31, 2019, total cash and investments stood at CAD 89 million, up 14% over the previous year's level. In 2017 and 2018 UOIT was able to finance its CAD 18 million share of the cost to construct the Software and Informatics Research Centre from its cash reserves, highlighting the importance of available reserves to support important capital projects. In our view the liquidity portfolio including reserves will continue to support the university's efforts in making moderate, internally financed investments in campus infrastructure.

Spendable cash and investments represented 0.33x total expenditures and also 0.33x debt at March 31, 2019. Of the university's total cash and investments, only about one third is permanently restricted, which continues to high liquidity of its cash and investments. The level of liquidity provides a safety level to investors, and also provides the university with flexibility to make moderate investments in support of its operations.

**Declining debt burden given forecast of limited upcoming debt issuances**

We expect that the university's debt burden will continue to decline over the next two years given the amortizing nature of its existing debenture and a lack of expected new debt issuances. UOIT's debt service is largely secured by a CAD 13.5 million annual grant from the province which allows UOIT to service a relatively large debt obligation while alleviating the debt burden of the university. As a result, debt affordability remains strong, with total debt to cash flow at 5.5x and debt burden (debt to operating revenue) at 1.03x in 2018/19. Nevertheless, the debt burden remains higher than the majority of Moody's rated Canadian universities.

The university's growing cash and investment balances also provide a cushion against the high leverage position, with spendable cash and investments covering 0.33x total debt at March 31, 2019. Given our expectation of growing cash reserves and falling debt levels, we expect continued improved in this metric.

**Revenue constraints from mandated tuition fee cuts and declining demographics**

Operating challenges arise in part from a provincially mandated 10% reduction in domestic student tuition fees in 2019/20 for all Ontario universities, which the university estimates results in a CAD 9 million shortfall for the year, followed by a freeze in these tuition levels for the 2020/21 academic year as the province is seeking ways to improve tuition affordability.

This replaces the expiring tuition framework which allowed for domestic undergraduate tuition to rise a maximum 3% on average across all programs, with no program to exceed 5%. In addition, starting in 2020/21 provincial operating funding will transition from enrolment alone to a new model that includes base funding for enrolment, funding based on 10 performance metrics, and other grants. The performance metrics will determine 25% of the funding in 2020/21, rising to 60% by 2024/25.

Additional pressures arise from a sustained period of decline in the university entrance age population in Ontario, with the decline expected to continue over the next 3-5 years. We expect that the decline will be partly mitigated by solid enrolment demand and improving liquidity levels.

**Limited capacity to expand physical infrastructure**

The university's ability to increase revenues is also constrained by physical capacity limitations given limited available space to expand significantly. Major expansion through adjacent lands would require significant cash reserves. Although limited reserves have historically enabled moderate campus investments, the university has limited available reserves to fund major new capital acquisitions or expansions without new debt issuances or substantial new government capital grants. Since we do not expect the university to issue new debt in the near future, the likelihood of material campus expansion over the next 2-3 years is low.

With capacity constraints already limiting the university's ability to capitalize on strong demand, the constraints on tuition growth further support our expectation that the university's revenues will grow more slowly than in recent years.

**Weaker research profile and fundraising capacity than peers**

UOIT is a small and relatively young university. This in part constrains its research profile including its ability to secure large long-term research grants primarily from the federal government. In fact, externally funded research grants in 2018/19 remained flat year-over-year at CAD 10.4 million. Nevertheless UOIT has partnered with several large corporations in the region for in-kind research collaborations, which, although they do not contribute to revenues, could enhance the university's research profile.

UOIT's relatively young stage of development also limits its ability to raise significant fundraising revenue, as it does not yet have a large alumni and donor pool to draw donations from. The university initiated its first official fundraising campaign in 2017, and as a result we expect to see some growth in restricted reserves and donation revenues.

### Extraordinary support considerations

Moody's assigns a high likelihood that the Province of Ontario would act to prevent a default by the university. The high support level reflects a perceived risk to the province's reputation as regulator of the university sector if UOIT or any Ontario university were to default. In addition, Durham College of Applied Arts and Technology provides a guarantee to UOIT's 2004 senior unsecured debenture. As colleges in Ontario face stronger regulation than universities, and therefore are closer to the province, the guarantee provides for a stronger level of extraordinary support for UOIT, if the university were to face acute liquidity pressure, than other universities in the province.

### ESG considerations

#### How environmental, social and governance risks inform our credit analysis of UOIT

Moody's takes into account of the impact of environmental (E), social (S) and governance (G) factors when assessing sub-sovereign issuers' economic and financial strength. In the case of UOIT, we assess the materiality of ESG to the credit profile as follows:

Environmental considerations are not material to UOIT's credit profile. The university owns land and owns / operates buildings which may be subject to environmental risks (e.g. asbestos in older buildings or clean-up following construction), but these risks are small and the university proactively manages them through its facilities maintenance.

Social considerations are material to UOIT's credit profile. We assess social risk as moderate given developments in public policy on education, in particular Ontario's objective of promoting improvements in tuition affordability through mandated provincial tuition fee cuts which have created manageable revenue pressures for the university. Over the next 3-5 years, a decline in the university entrance-age population in Ontario will be partly mitigated by solid enrolment demand and improving liquidity levels.

Governance considerations are also material to UOIT's credit profile. We assess governance risk as low given a strong institutional framework and prudent financial planning which includes annual balanced budgets and 5-year strategic plans. Each faculty is responsible for developing its own budget and adhering to self-imposed revenue and expense targets. Oversight is strong from the Academic Council and Board of Governors.

Further details are provided in the "Detailed credit considerations" section above. Our approach to ESG is explained in our cross-sector methodology [General Principles for Assessing Environmental, Social and Governance Risks](#).

## Rating methodology and scorecard factors

The assigned BCA of a3 is two notches lower than the scorecard indicated outcome of a1, reflecting the combination of a high debt load which limits future debt issuances, the university's small size relative to Ontario peers and capacity constraints for expansion which limit future growth. For details of our rating approach, please refer to the [Higher Education](#) (May 2019) and [Government-Related Issuers](#) (June 2018) methodologies.

Exhibit 3

UOIT

Rating Factors	Value	Score
<b>Factor 1: Market Profile (30%)</b>		
Scope of Operations (Operating Revenue) (\$000)	155,491	A1
Reputation and Pricing Power (Annual Change in Operating Revenue) (%)	2.9	Baa2
Strategic Positioning	A	A
<b>Factor 2: Operating Performance (25%)</b>		
Operating Results (Operating Cash Flow Margin) (%)	18.0	Aa1
Revenue Diversity (Maximum Single Contribution) (%)	47.3	Aa3
<b>Factor 3: Wealth &amp; Liquidity (25%)</b>		
Total Wealth (Total Cash & Investments) (\$000)	66,577	A2
Operating Reserve (Spendable Cash & Investments to Operating Expenses) (x)	0.3	A1
Liquidity (Monthly Days Cash on Hand)	135	A1
<b>Factor 4: Leverage (20%)</b>		
Financial Leverage (Spendable Cash & Investments to Total Debt) (x)	0.3	A2
Debt Affordability (Total Debt to Cash Flow) (x)	5.5	Aa1
Scorecard-Indicated Outcome		a1
Assigned BCA		a3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars, consistent with the Higher Education Methodology.

Source: Moody's Investors Service

## Ratings

Exhibit 4

Category	Moody's Rating
UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY	
Outlook	Stable
Bkd Senior Unsecured -Dom Curr	A1

Source: Moody's Investors Service

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## RATING REPORT

# University of Ontario Institute of Technology (Ontario Tech University)

## Ratings

Debt	Rating Action	Rating	Trend
Issuer Rating	Confirmed	A (low)	Stable
Series A Senior Unsecured Debentures	Confirmed	A (low)	Stable

## Rating Update

DBRS Limited (DBRS Morningstar) confirmed the University of Ontario Institute of Technology's (the University or Ontario Tech) Issuer Rating and Series A Senior Unsecured Debentures rating at A (low). Both trends are Stable. The University's credit profile has improved in recent years with a series of positive operating results, balance sheet improvement, and debt reduction, which suggests a positive rating action may be warranted in the near term. At this time, however, DBRS Morningstar has maintained a Stable trend because of uncertainty about the future adequacy of government funding and tuition fees.

The University continues to report positive results with a surplus of \$6.9 million for the year ended March 31, 2019, equivalent to 3.2% of revenue. As in past years, the result exceeded budget expectations, because of lower-than-expected spending and unused contingencies.

The University tabled a balanced budget for 2019–20 which required \$5.6 million in cost reductions to offset the impact of the provincially mandated 10% reduction in tuition fees for domestic students and various inflationary cost pressures. The budget includes \$3.5 million for contingencies and reserves. At mid-year, the University is tracking slightly ahead of plan with positive revenue and expense variances.

Ontario Tech has yet to produce its 2020–21 financial plan, but initial indications suggest that it will aim to present a balanced budget

again. With constrained revenue growth, the University's strategy appears likely to centre on spending restraint, stronger international enrolment, and higher tuition fees for international students.

The University's debt burden remains the highest among DBRS Morningstar-rated Ontario universities at \$22,731 per full-time equivalent (FTE) student, although the circumstances surrounding Ontario Tech's debt burden remain unique in the Ontario context. The Province of Ontario (Ontario or the Province; rated AA (low) by DBRS Morningstar) supports a large share of the University's annual debt-servicing costs through a restricted debt-servicing grant. While the legal obligations rest with the University, this arrangement effectively results in only one-third of its total debt being serviced through its general operations (e.g., unrestricted operating grants, tuition revenue, etc.). Ontario Tech's debt burden will fall steadily over the medium term, because much of the debt is in the form of amortizing debentures and the University does not intend to incur any new indebtedness in the near to medium term. DBRS Morningstar projects that Ontario Tech's debt burden will fall below \$20,000 per FTE in 2021–22.

DBRS Morningstar could change the trend to Positive at the time of its next review if the outlook for operating results and debt reduction remains positive and the uncertainty related to the funding framework is resolved without adverse impacts. Alternatively, DBRS Morningstar could lower the rating if there is a sustained deterioration in operating outlook and a materially higher debt burden.

## Financial Information

	For the year ended March 31				
	2019	2018	2017	2016	2015
Operating result (\$ millions)	6.9	15.4	12.6	2.9	8.2
Surplus-to-revenue (five-year average)	4.5%	5.0%	5.2%	4.3%	6.1%
Debt per FTE (\$)	22,731	23,410	24,738	26,288	27,474
Expendable resources to debt	17%	14%	9%	6%	3%
Interest coverage	2.5	3.1	2.8	2.4	2.5

## Issuer Description

Ontario Tech is located in Oshawa, Ontario, and provides career-oriented university programs and transitional programs to enable college graduates to complete university degrees. The University was established in 2002 and has an enrolment of about 9,000 FTEs. Ontario Tech has developed a strong reputation for its Science, Technology, Engineering, and Mathematics (STEM) programming and industry partnerships.

## Rating Considerations

### Strengths

#### 1. Provincial support

Universities are stable institutions and a critical component of the public sector. Access to high-quality post-secondary education remains a priority for the Province of Ontario (the Province of Ontario; rated AA (low) with a Stable trend by DBRS Morningstar). As such, universities in Ontario and across Canada benefit from stable and consistent revenue sources. Government grants and tuition fees account for about 80% to 85% of revenue for Ontario Tech.

#### 2. Established reputation

Ontario Tech has grown rapidly since its establishment in the early 2000s and has developed a strong reputation in several high-demand, engineering- and technology-related fields. The University ranks reasonably well in Canada for a new and small university and is well-established in the Durham Region (Oshawa). Ontario Tech's name recognition remains limited outside the Greater Toronto Area (GTA) but is improving with a growing alumni base and improved rankings.

#### 3. Effective financial management practices

Financial management practices have improved significantly over the past seven years. The University has developed effective budget and planning processes, improved internal and external reporting, and made more effective and efficient use of its financial management systems.

#### 4. Defined contribution pension plan

Ontario Tech has a defined contribution pension plan, which alleviates the risk of meeting future benefit payments for retired employees. Defined benefit plans are the norm for Canadian universities.

### Challenges

#### 1. Limited control of revenue

Canadian universities have limited control over their main revenue sources — tuition fees and government grants. The Province imposed a 10% reduction on tuition fees for domestic students in regulated programs for 2019–20, while effectively limiting domestic enrolment growth and freezing operating grants. The changes to the tuition fee framework are estimated to have adversely affected Ontario Tech's revenue by \$9 million in 2019–20.

#### 2. Cost pressures

Underlying cost pressures are somewhat detached from the University's revenue drivers. Canadian universities' expense bases are largely fixed and growing in the form of tenured faculty, unionized support staff, externally mandated student aid requirements, and large infrastructure footprints. In recent years, inherent cost pressures such as negotiated wage settlements, competitive salaries for top researchers, and increasing benefit costs have outpaced provincially controlled revenue growth for many DBRS Morningstar-rated universities. As with other Universities, these factors have compelled Ontario Tech to undertake adjustments. Ontario Tech has less operational flexibility to adjust to the constrained operating environment than larger, more established universities. The University is small and relatively new, and it faces some capacity constraints. While institutional practices and labour groups are not as ingrained at Ontario Tech as at other institutions, providing the University with a degree of flexibility, the potential for significant new budget efficiencies from changes to labour practices or program rationalization appears limited.

#### 3. Limited balance sheet flexibility

Ontario Tech incurred losses for several years after its establishment in 2002, resulting in an accumulated deficit and negative net-asset position. Over the last seven years, the University has generated positive operating results, enabling it to reduce debt and establish reserves. The net assets have risen strongly and are now positive. Nevertheless, as a relatively new and small institution that has operated primarily in a constrained funding environment, Ontario Tech's balance sheet has limited financial flexibility compared with most other DBRS Morningstar-rated universities.

#### 4. Significant debt burden

Ontario Tech has the highest debt burden among DBRS-rated Ontario universities at \$22,731 per FTE; however, the debt burden and its funding are unique among Ontario universities because the amortizing debentures, issued when the University was established, are largely serviced by restricted debt-servicing grants from the Province. Effectively, Ontario Tech services one-third of its total debt with general operations (e.g., unrestricted operating grants, tuition fees, etc.).

## 2018–19 Operating Results

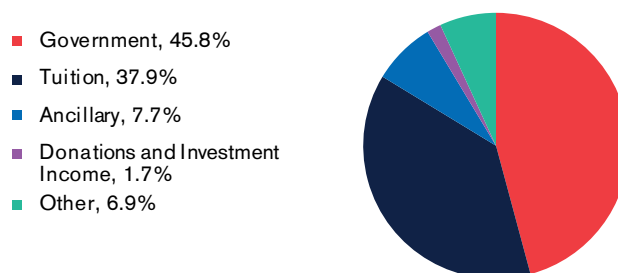
Ontario Tech reported a surplus of \$6.9 million for the year ended March 31, 2019, equivalent to 3.2% of total revenue. The result was weaker than the prior year's \$15.4 million, although the 2018 result included several one-time or non-recurring items.

The University's 2018–19 budget was based on a modest decline in total enrolment (-71 FTEs or -0.8%). The University raised tuition fees for domestic students to the extent permitted by the provincial tuition framework (3.0% on average) and by a similar amount, on average, for international students. With stable operating grant funding, Ontario Tech had projected total revenue to be flat year-over-year, while expense growth was forecast to be much larger. Nevertheless, the budget remained balanced and included \$3.5 million in budget contingencies and capital reserves.

As in prior years, the actual result exceeded expectations because of conservative budgeting practices. Total enrolment declined by 19 FTEs year-over-year but exceeded the budget forecast by 52 FTEs. More striking, domestic enrolment was again better than expected, while international enrolment declined because of the withdrawal of a significant number of Saudi Arabian students following Canada's diplomatic dispute with the Kingdom of Saudi Arabia in August 2019. Taken together, the changes in enrolment had a net negative impact of \$1.4 million against the University's budget.

Total revenue declined modestly to \$211.6 million (-0.3%). Government grants (+3.2%) and tuition/other student fees

**Exhibit 1: 2018-19 Revenue by Source**



(+1.1%) were modestly higher but offset by a more pronounced decline in other revenue.

Total expense rose moderately to \$204.7 million (+3.8%), driven largely by growth in compensation costs (+8.9%) and student aid (+8.7%). Nevertheless, expense growth was more modest than expected reflecting considerable compensation savings resulting from open faculty and administrative positions, as well as electricity cost savings and unused reserves/contingencies.

The positive result contributed to moderate growth in net assets (+\$7.7 million). Over the past five years, the University's net asset position has improved considerably through its efforts to strengthen its balance sheet. While still weaker than many Ontario universities, net assets have risen to \$85.8 million—an increase of 160.2% over the past five years.

## Operating Outlook

### 2019–20 Budget

The University uses an incremental budget model and prepares its budget on a modified cash basis. The budget's scope differs somewhat from that of the audited financial statements, but variances between bottom-line results are generally modest. The University tabled a balanced budget for the 2019–20 fiscal year. The budget plan includes \$3.5 million in reserves and contingencies for the 2019–20 fiscal year.

Ontario Tech's financial planning was adversely affected by the Province's requirement that all universities and colleges reduce tuition fees by 10% for domestic students in 2019–20 and subsequently freeze tuition fees in 2020–21. The impact on the University was estimated to be \$9.0 million in 2019–20 and \$12.0 million in 2020–21. With flat operating grants and inherent wage and operating expense pressures, Ontario Tech's response was threefold, with: (1) stronger international enrolment, (2) more pronounced tuition fee increases for international students, and (3) budget reductions. Many Ontario universities took a similar approach.

The University planned for enrolment to rise by 160 FTEs to 9,013 with growth in both domestic and international enrolment. The University also increased tuition fees for new international student by 10% and for continuing students by 5%. Taken together with reduced tuition fee revenue for domestic students, total tuition fee revenue was projected to decline by about \$4.0 million. With some modest growth in government grants (nursing and graduate spaces) and other income sources, Ontario Tech projected a modest decline in operating revenue (-1.8%).

To present a balanced budget, Ontario Tech was required to identify \$5.6 million in savings to offset the revenue reductions, spending on university priorities, negotiated compensation increases, and other inflationary pressures. The budget reductions affected both academic and non-academic units but were designed to have a limited impact on classroom activities.

The University prepared a mid-year forecast in September 2019. With positive revenue and expense variances, the update projects

## Operating Outlook (CONTINUED)

a modest surplus of \$1.0 million on an operating budget basis against the approved operating budget.

### Medium-Term Outlook

Ontario Tech is progressing through a period of significant change. In addition to the changes in provincial policy, the University's strategy has shifted considerably under the leadership of its new President, Steven Murphy.

The Province is progressing through a multi-year deficit reduction exercise which will weigh on growth in operating funding while also changing the accountability and funding frameworks for Ontario universities.

- Accountability Framework:** Universities in Ontario operate under Strategic Mandate Agreements (SMAs) which are effectively accountability agreements that they enter with the Government of Ontario in exchange for ongoing operating funding. Universities are now negotiating the next iteration of their SMAs (SMA3) with the Province, which will cover a five-year period and include 10 or 11 performance metrics. The Province has signalled that it will increase the portion of performance-based funding to about 60% by 2025 from about 10% currently. Initial indications suggest the new SMAs will be completed in spring 2020.
- Enrolment Funding:** The SMAs provide for stable total funding for Ontario universities provided they remain within a defined domestic enrolment corridor based on 2016–17 enrolment levels. With the current SMA set to expire at the end of the 2019–20 academic year, the universities will negotiate new enrolment target once their SMA3s are complete. At this time, it remains unclear whether the Province will increase the enrolment corridors or provide additional operating funding.
- Tuition Fee Framework:** Ontario mandated that all universities and colleges reduce tuition fees by 10% for domestic students in 2019–20 and subsequently freeze tuition fees for 2020–21; however, the Province has yet to provide meaningful guidance for tuition fees for domestic students after 2020–21. Within the sector, Chief Financial Officers generally expect that the Province will provide universities with modest flexibility to increase tuition fees after 2020–21.

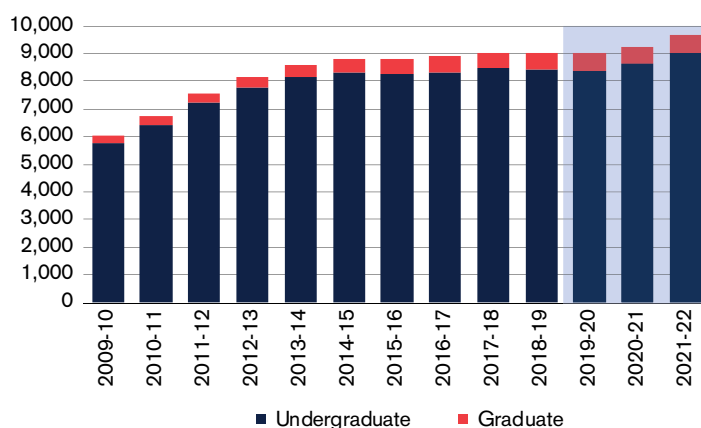
In this policy environment, revenue growth will be constrained over the next two years requiring ongoing expenditure restraint and an increased focus on enrolment growth.

Ontario Tech's new President has also begun to roll out his vision for the University, which places greater emphasis on the student experience and creating a sticky campus (campus being a place to visit and spend time beyond classes/labs), reiterates and increases the focus on technology and entrepreneurship, and commits greater effort to build the University's profile. Ontario Tech's profile has improved over the past decade but remains relatively

weak compared with larger and more established universities in Ontario. The University has limited visibility outside the GTA.

The University rebranded itself Ontario Tech University earlier in 2019 and has begun to make changes to the campus to improve its attractiveness as a destination for students. Changes include the addition of new facilities, more student-oriented spaces, and new community-oriented events (e.g., varsity basketball). The University is now constructing a showcase building to replace several portable buildings and is exploring opportunities to improve food offerings on campus.

**Exhibit 2: Enrolment (FTEs)**



Ontario Tech also envisions stronger enrolment growth. Previously, the University had planned for enrolment to gradually rise from about 9,000 FTEs to somewhere between 11,000 and 12,000 FTEs over a decade, with much of the growth occurring in the later years. Now, it is planning for more aggressive enrolment growth, targeting upwards of 15,000 FTEs in the 10-year period, subject to capital funding to expand physical capacity. The pace of enrolment growth and mix of students will depend, in part, on the forthcoming policy decisions by the Province. Ontario Tech is also planning for much stronger international enrolment growth and has contracted agencies in India and China to support this effort. The University is tentatively planning for international intake to rise to 240 FTEs in 2020–21 and upward of 400 FTEs in subsequent years.

International students currently make up just 6% of the student population, although the University expects this share to rise to about 15% over the next five to six years with current intake growth rates. This level is comparable to many other DBRS Morningstar-rated universities, and well below the highs seen at some universities and colleges. Like most universities, Ontario Tech hopes to diversify the program mix for international students but expects most to continue to enter computer science and engineering programs in the near to medium term.

## Operating Outlook (CONTINUED)

As with other universities, labour costs are Ontario Tech's largest expense, accounting for more than half of total expenses. Compensation costs have steadily risen over the last five years with underlying growth in the University's workforce and negotiated compensation increases. Labour relations at Ontario Tech are constructive and there is little risk of a work stoppage in the

near term. The University has signed collective agreements (that expire in 2021) with its faculty and sessional instructors, providing modest salary and wage increases. The University is now negotiating an initial collective agreement for its administrative staff with Ontario Public Service Employees Union (OPSEU).

## Capital Plan

With the completion of the Software and Informatics Research Centre (SIRC) in late 2017, capital investment declined to \$16.4 million in 2018–19. The four-storey SIRC building houses 16 research labs, four classrooms, a variety of student spaces, and the Registrar's offices. The University received \$13.0 million in federal and provincial support and funded its share of the construction costs by drawing down capital reserves. The project was completed ahead of schedule and \$2.0 million under budget.

The University has several other capital projects now underway or recently completed as it seeks to increase research and academic capacity and improve the student experience:

- **Varsity Changerooms:** The University established varsity basketball in fall 2019 in keeping with its efforts to create a sticky campus and improve the student experience. Ontario Tech constructed varsity changerooms at a cost of \$2.0 million. The project was completed in October 2019.
- **Automotive Centre of Excellence (ACE) Enhancement Project:** The ACE is one of the world's largest and most sophisticated wind tunnels, capable of simulating extreme weather conditions. In 2016, the University bought a state-of-the-art moving ground plane (MGP), one of only 14 worldwide. The MGP is "a giant belt that acts as a road moving under a vehicle, simulating the aerodynamic forces against moving vehicles, and measuring physical characteristics in real-world conditions."<sup>1</sup> Ontario Tech secured the necessary \$11.0 million in funding to install and integrate the MGP into the ACE. Installation and integration of the MGP commenced in November 2018 and it is expected to be operational by October 2020.

- **General Academic and Student Building:** Ontario Tech has begun the construction of a five-storey academic building which will house the student union as well as classroom and research space. The new building is to be a showcase on the main campus and will replace some of the portables currently in use, providing a modest amount of new teaching capacity. The new building will also include better-quality spaces for students to congregate, study, and engage. The total control budget is \$48 million, including \$750,000 in contingencies, which will be largely funded by the University with contributions from the student union, fundraising and philanthropy, and possibly the federal government. Occupancy is planned for June 2021. The University does not currently envision debt financing.

Ontario Tech does not have any other projects contemplated after the new academic building is complete, although over the medium to long term, the University may require additional capacity to sustain its planned enrolment growth. There are options to extend several of the existing facilities if additional space is necessary.

Ontario Tech's deferred maintenance (DM) needs are limited because most buildings were built in the 2000s. As of September 2019, the University had estimated deferred maintenance of \$34.7 million and an overall facilities condition index of 0.08, which compares favourably with the provincial average of 0.17. Ontario Tech allocates \$1.0 million annually to DM spending, funded by the Province's Facility Renewal Program, and another \$0.5 million to DM reserves.

1. University of Ontario Institute of Technology, "Province and industry partners rally to drive automotive innovation" (2018).

## Debt and Liquidity

Ontario Tech's total debt was \$202.4 million at March 31, 2019. On a per-student basis, this equates to \$22,731 per FTE and is the highest among DBRS Morningstar-rated universities. The University's debt comprises \$164.3 million in amortizing debentures, \$37.6 million in capital leases, and \$0.4 million in other long-term debt. Ontario Tech's debt is largely amortizing and is falling by about \$6.0 million annually.

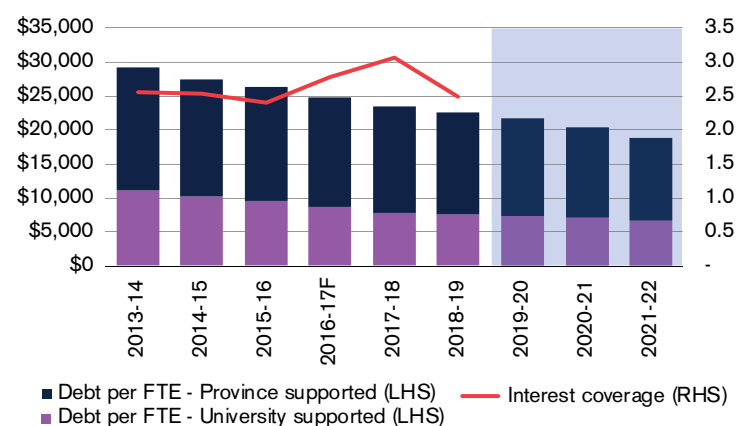
Ontario Tech's debt burden is significant and unusual in the Ontario context, reflecting a policy decision made by the Province when the University was established in the early 2000s. The Province provided Ontario Tech with relatively modest upfront capital grants while the University funded much of the initial infrastructure with debt that was to be supported by Provincial operating grants. At first, the debt servicing grant was targeted at 15% of the annual operating grant, but it was later converted to a flat \$13.5 million annual restricted grant aimed at ensuring the University's financial sustainability and mitigating the risk of default. The grant covers about 80% of the annual \$16.5 million requirement for principal and interest. While the legal obligation rests with the University and the grants flow through Ontario Tech, the Province is effectively servicing 80% of the debentures. Excluding the portion of the debt effectively serviced by the Province would yield a debt burden of \$68.0 million or \$7,400 per FTE.

DBRS Morningstar continues to view Ontario Tech's debt burden as elevated among Ontario universities, but acknowledges the unique circumstances surrounding the debt. The Province has provided the University with assurances that the restricted grant will continue until the debentures are fully repaid in 2034, although the payments are subject to conditions and require annual legislative approval. Nevertheless, DBRS Morningstar is confident that the Province will continue to provide the grants until the debt is retired because of the importance of post-secondary education to the provincial government, the political consequences resulting from the failure of a publicly funded and regionally important university as well as the grant's relatively small size in the broader provincial budget. A material reduction in the grant would challenge the University's finances and put downward pressure on the credit profile.

The University's debt-servicing costs are relatively high, given the elevated debt burden, but have been tracking lower as the debt burden declines. Total interest costs now represent about 6.8% of total expense, down from nearly 13% a decade ago. Interest coverage has remained relatively stable in recent years, ranging between 2.5 times (x) and 3.1x. DBRS Morningstar expects interest coverage to remain reasonably stable in the coming years, albeit lower than at most DBRS Morningstar-rated universities.

The University's balance sheet has improved significantly over the last eight years with the ongoing effort to improve operating

**Exhibit 3: Debt Per FTE and Interest Coverage**



results and financial management practices. Ontario Tech's net assets have risen with the accumulation of reserves and debt has declined steadily. Nevertheless, and consistent with the rating, the University's balance sheet exhibits less flexibility than most other DBRS Morningstar-rated universities. Expendable resources comprise a subset of net assets, including unrestricted net assets, most internally restricted net assets, and internally restricted endowments. DBRS Morningstar estimates Ontario Tech's expendable resources to be \$35.0 million or 17.3% of total debt outstanding at March 31, 2019. DBRS Morningstar expects the University's expendable resources to remain relatively low, but to rise gradually over the medium term with positive operating results and as the University sets aside capital reserves for future projects. With declining debt, this should push the expendable resources-to-debt ratio higher.

The University's efforts to address debt and financial management practices have also improved its liquidity. Cash and short-term investments have risen in recent years and Ontario Tech has repaid balances on its credit facilities. The University previously had a \$5.0 million credit facility with IBM which was recently closed. The University maintains a \$17.0 million operating bank line with a major Canadian bank but has not drawn on the facility for several years.

Unlike most DBRS Morningstar-rated universities, Ontario Tech does not have a defined benefit pension plan, which alleviates longer-term funding risks. The University does not report any long-term obligations associated with employee future benefits.

### Outlook

The University does not plan to incur additional indebtedness in the near to medium term. Consequently, the University's debt burden will continue to decline with the amortization of the existing debentures and term loans. With stronger enrolment growth, DBRS Morningstar projects the debt-to-FTE ratio to fall below \$20,000 in 2021-22.

## Durham College Guarantee

Durham College of Applied Arts and Technology (DC) unconditionally and irrevocably guarantees the punctual performance of all obligations related to the Debentures, plus all accrued interest starting on the date that payment is demanded. The language of the guarantee is comprehensive and consistent with DBRS Morningstar criteria requirements. The guarantee requires DC to pay all present and future amounts due and unpaid in respect of the Debentures immediately after written demand by the Trustee. Material conditions precedent to demand payment are (1) Ontario Tech's failure to promptly pay an instalment of principal and interest and (2) the occurrence of any event of default (with DC formally notified about such event) that is continuing and has not been waived. If either condition is met, the Trustee shall not be required to exhaust all remedies against Ontario Tech before demanding payment from DC. While DC is

an agent of the Province, the guarantee is limited to the assets held by DC with no recourse to the Province. DC was established in 1967 and is the seventh-largest college in Ontario, providing career-focused programs to more than 13,000 full-time students and many part-time, continuing education, and online students through campuses in Oshawa and Whitby and smaller satellite sites in Pickering and Uxbridge. DC consistently reports positive operating results, although its balance sheet demonstrates limited financial flexibility despite its modest amount of debt.

The DC guarantee was important at the time of DBRS Morningstar's initial rating of Ontario Tech in 2004; however, since that time, the guarantee's importance has diminished as the University gained scale.

## University Funding in Ontario

Ontario universities generally have three key sources of revenue for their core teaching and research activities: (1) government grants, (2) student fees, and (3) donations and investment income. For Ontario Tech, these accounted for approximately 84% of total revenues in 2018–19.

Provincial government funding remains one of the primary sources of revenue for universities across the country, although its relative importance is under pressure in most provinces because of strained provincial finances and competing priorities. Over time, this has led to a gradual shift in the relative shares of revenue provided by operating grants and tuition. The share of university operations funded by operating grants has declined, while that funded by tuition fees has increased.

### Government Funding (Provincial and Federal; 46%)

Government funding includes operating grants, research grants and contracts as well as capital grants. Operating grants are the most important and stable revenue source.

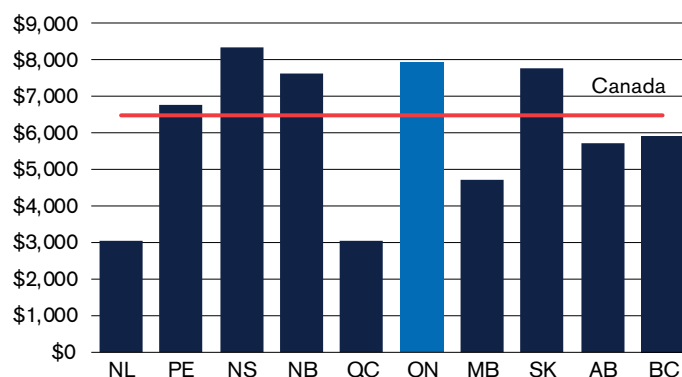
In 2017–18, the previous provincial government introduced a new funding model for Ontario universities in which a large share of funding was enrolment-based but the financial incentive to increase domestic undergraduate enrolment was reduced and universities facing enrolment declines would be provided with downside protection. Under this model, funding was expected to be relatively stable for all Ontario universities over a three-year period (from 2017–18 to 2019–20); however, the direction of fiscal policy under the current government is one of constraint.

The Province has started negotiations with universities to ascertain enrolment corridors and funding targets under the next iteration of the SMA3. Although DBRS Morningstar does not

expect funding levels or the allocation formula to change beyond expectations, the medium-term outlook remains uncertain.

Government grants for research and capital projects are another important source of funding. The federal government typically provides 65% to 75% of all public research funding, whereas the Province provides the bulk of capital funding.

**Exhibit 4: 2019–20 Average Undergraduate Tuition Fees**



### Student Fees (38%)

On January 17, 2019, the Province announced a revised tuition fee framework for regulated domestic programs at Ontario universities and colleges. Ontario universities are required to reduce tuition fees for domestic funding (eligible programs by 10% in 2019–20) and to maintain domestic funding-eligible program tuition fees at this level for the 2020–21 academic year. For most DBRS Morningstar-rated universities, the tuition-fee reduction results in a total revenue loss between 3% and 5%. Institutions are expected to absorb revenue losses within their budgets and are required to comply with the policy or risk losing core

## University Funding in Ontario (CONTINUED)

operating funding. International student fees are not regulated by the Province.

### Donation and Investment Income (2%)

Unrestricted donations and investment income recognized on the statement of operations typically represent about 1% to 2% of the University's revenue. Endowed contributions and investment income earned by the externally restricted endowments are recognized as changes in net assets and are not captured on the statement of operations until they are spent, at which point they are recorded as revenue.

As a relatively new university with a small alumni base, fund-raising efforts are modest. Ontario Tech focuses on the local community and companies in the region that have a stake in the University. Ontario Tech's endowment rose to \$21.8 million, which equates to \$2,453 per FTE. This is relatively low in comparison with other DBRS Morningstar-rated universities.

The University has an eight-year, \$50 million fundraising campaign underway. To date, the University has raised \$13.7 million in pledges and donations.

### Statement of Financial Position

DBRS Morningstar-adjusted; CAD thousands

(\$ thousands)

	As at March 31				
<b>Assets</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and short-term investments	62,161	52,195	56,796	42,479	33,683
Receivables	15,901	15,705	13,777	12,894	13,772
Inventories & prepaid expenses	2,300	1,861	1,862	1,856	1,881
Long-term investments	26,809	25,682	29,633	30,968	36,435
Capital assets	392,097	399,588	399,940	397,511	414,786
<b>Total Assets</b>	<b>499,268</b>	<b>495,030</b>	<b>502,007</b>	<b>485,708</b>	<b>500,557</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Payables and accrued liabilities	29,614	25,821	34,634	24,195	25,263
Deferred revenue	20,300	19,580	20,879	20,358	20,777
Long term debt	164,820	170,744	181,891	192,479	202,434
Capital lease obligations	37,596	38,167	38,673	39,090	39,118
Deferred capital contributions	161,099	162,549	164,582	162,286	170,093
<b>Total liabilities</b>	<b>413,430</b>	<b>416,861</b>	<b>440,658</b>	<b>438,408</b>	<b>457,685</b>
<b>Net Assets</b>					
Unrestricted net assets	3,264	(1,296)	(10,744)	(22,161)	(22,572)
Internally restricted net assets	31,786	29,811	31,574	36,293	29,813
Equity in capital assets	28,946	28,613	20,902	14,996	19,404
Endowment – externally restricted	21,843	21,040	19,617	18,172	16,227
<b>Total Net Assets</b>	<b>85,839</b>	<b>78,169</b>	<b>61,349</b>	<b>47,300</b>	<b>42,872</b>
<b>Total Liabilities and Net Assets</b>	<b>499,268</b>	<b>495,030</b>	<b>502,007</b>	<b>485,708</b>	<b>500,557</b>
<b>Commitments &amp; Other Obligations</b>					
Operating lease obligations	11,915	13,634	14,733	16,662	18,529

## Statement of Operations

DBRS Morningstar-adjusted; CAD thousands

(\$ thousands)

For the year ended March 31

<b>Revenue</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Student tuition fees	80,152	78,266	74,818	69,730	66,978
Other student fees	12,546	13,466	13,774	14,558	15,643
Government operating grants	63,768	61,786	60,150	59,192	59,027
Research grants	10,444	10,467	9,640	9,172	9,228
Debenture grant	13,500	13,500	13,500	13,500	13,500
Unrestricted donations	1,573	1,934	1,090	702	1,472
Interest income	1,520	1,166	865	1,026	678
Amortization of deferred capital contributions	9,238	9,036	8,796	8,705	8,818
Ancillary operations	3,734	3,600	3,993	3,725	3,800
Other revenue	15,136	19,107	15,791	10,903	13,050
<b>Total Revenue</b>	<b>211,610</b>	<b>212,328</b>	<b>202,417</b>	<b>191,213</b>	<b>192,193</b>
<b>Expense</b>					
Salaries and benefits	106,246	97,530	96,519	94,207	88,796
Student aid, financial assistance and awards	12,479	11,478			
Supplies and expenses	31,081	31,608	36,581	36,022	35,537
Amortization of capital assets	23,676	23,730	24,859	26,191	26,745
Interest expense	13,862	14,317	14,823	15,285	15,767
Other expenses	17,398	18,268	17,031	16,621	17,149
<b>Total Expense</b>	<b>204,743</b>	<b>196,931</b>	<b>189,813</b>	<b>188,326</b>	<b>183,994</b>
<b>Excess of revenue over expense</b>	<b>6,867</b>	<b>15,396</b>	<b>12,604</b>	<b>2,886</b>	<b>8,200</b>
<b>Gross Capital Expenditures</b>	<b>16,351</b>	<b>25,139</b>	<b>28,176</b>	<b>9,350</b>	<b>13,501</b>

## Calculation of Free Cash Flow

DBRS Morningstar-adjusted; CAD thousands

(\$ thousands)

For the year ended March 31

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Consolidated operating balance as reported	6,867	15,396	12,604	2,886	8,200
Amortization	23,676	23,730	24,859	26,191	26,745
Other non-cash adjustments	(9,981)	(9,502)	(10,932)	(7,742)	(10,622)
<b>Cash Flow from Operations</b>	<b>20,563</b>	<b>29,624</b>	<b>26,531</b>	<b>21,335</b>	<b>24,322</b>
Change in working capital	3,878	(12,039)	10,071	(585)	(3,482)
<b>Operating Cash Flow after Working Capital</b>	<b>24,441</b>	<b>17,586</b>	<b>36,601</b>	<b>20,750</b>	<b>20,841</b>
Net capital expenditures <sup>1</sup>	(8,562)	(18,136)	(17,083)	(8,452)	(12,658)
<b>Free Cash Flow</b>	<b>15,879</b>	<b>(550)</b>	<b>19,518</b>	<b>12,298</b>	<b>8,182</b>

1. Gross capital expenditures less restricted contributions for capital purposes received during the year.

## Summary Statistics

DBRS Morningstar-adjusted; CAD thousands

	For the year ended March 31				
	2019	2018	2017	2016	2015
<b>Total Enrolment (FTEs)</b>	<b>8,905</b>	<b>8,924</b>	<b>8,916</b>	<b>8,809</b>	<b>8,792</b>
Undergraduate	94%	94%	94%	94%	95%
Graduate	6%	6%	6%	6%	5%
Annual change (%)	-0.2%	0.1%	1.2%	0.2%	2.5%
<b>Total Enrolment (headcount)</b>					
Domestic	9,711	9,618	9,483	9,254	9,316
International	637	655	671	691	689
Total staff (headcount)	2,069	1,915	1,847	1,416	1,377
Academic Staff	1,169	854	826	834	836
<b>Operating Results</b>					
Surplus (deficit) (\$ millions)	6.9	15.4	12.6	2.9	8.2
Share of Revenue	3.2%	7.3%	6.2%	1.5%	4.3%
Share of revenue (5-year average)	4.5%	5.0%	5.2%	4.3%	6.1%
<b>Revenue Mix</b>					
Government	45.8%	44.6%	45%	47%	47%
Tuition	37.9%	36.9%	37%	36%	35%
Ancillary	7.7%	8.0%	9%	10%	10%
Donations and Investment Income	1.7%	1.6%	2%	0%	2%
Other	6.9%	8.9%	7%	6%	6%
<b>Debt and Liquidity</b>					
Total debt, including capital leases (\$ millions)	202.4	208.9	220.6	231.6	241.6
Per FTE student (\$)	22,731	23,410	24,738	26,288	27,474
Interest costs as share of total expense	6.8%	7.3%	7.8%	8.1%	8.6%
Interest coverage ratio (times)	2.5	3.1	2.8	2.4	2.5
Expendable resources (\$ millions)	35.0	28.5	20.8	14.1	7.2
Share of long-term debt	17.3%	13.6%	9.4%	6.1%	3.0%
<b>Endowment Funds</b>					
Total endowment funds (\$ millions)	21.8	21.0	19.6	18.2	16.2
Per FTE student (\$)	2,453	2,358	2,200	2,063	1,846
Annual change	3.8%	7.3%	8.0%	12.0%	7.6%

## Rating History

	Current	2018	2017	2016	2015	2014
Issuer Rating	A (low)	A (low)	A (low)	BBB (high)	BBB (high)	BBB (high)
Series A Senior Unsecured Debentures	A (low)	A (low)	A (low)	BBB (high)	BBB (high)	BBB (high)

## Related Research

- *Rating Public Universities*, May 2019.

## Previous Report

- University of Ontario Institute of Technology, Rating Report, December 10, 2018.

### Notes:

All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on [www.dbrs.com](http://www.dbrs.com).

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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**DBRS Credit Rating - Ontario Tech**

<b>Year</b>	<b>Rating</b>	<b>Trend</b>
2004	BBB (high)	Stable
2005	BBB (high)	Stable
2006	BBB (high)	Stable
2007	BBB (high)	Stable
2008	BBB (high)	Stable
2009	BBB (high)	Stable
2010	BBB (high)	Stable
2011	BBB (high)	Stable
2012	BBB (high)	Stable
2013	BBB (high)	Stable
2014	BBB (high)	Stable
2016	BBB (high)	Stable
2017	A (low)	Stable
2018	A (low)	Stable
2019	A (low)	Stable

**Moody's Credit Rating - Ontario Tech**

<b>Year</b>	<b>Rating</b>	<b>Trend</b>
2004	A3	Stable
2005	A3	Stable
2006	A3	Stable
2007	A3	Stable
2008	A3	Stable
2009	A3	Stable
2010	Baa1	Negative
2011	Baa1	Positive
2012	A2	Stable
2013	A2	Stable
2014	A2	Stable
2016	A2	Stable
2017	A2	Positive
2018	A1	Stable
2019	A1	Stable



## COMMITTEE REPORT

### SESSION:

Public  
Non-Public

☒  
☐

### ACTION REQUESTED:

Decision  
Discussion/Direction  
Information

☐  
☐  
☒

**TO:** Audit and Finance Committee

**DATE:** February 19, 2020

**FROM:** Cheryl Foy, University Secretary and General Counsel

**SUBJECT:** Compliance and Policy Update

### COMMITTEE/BOARD MANDATE:

- The Audit and Finance Committee is responsible for overseeing risk management, and other internal systems and control functions at the university. This oversight includes receiving regular reports from management on areas of significant risk to the university including regulatory matters, as well as policy development and approvals at the university, in accordance with the Policy Framework.

### BACKGROUND/CONTEXT & RATIONALE:

- The purpose of this Report is to provide the Committee with an update on the status of compliance, risk and policy development activity being undertaken by the Secretariat.

#### *Compliance Update*

- The Secretariat will be collaborating with Human Resources to develop training for university employees. The approach will encompass training modules for new employees, annual refresher training, as well as methods for tracking compliance with training requirements. We are working on identifying compliance training gaps in the areas the Secretariat supports and advises on. Our primary focus for this year will be in Privacy and Records Management, which have been identified both as a priority for Organizational Development and for advancing Information Security which will support other ongoing compliance initiatives.

#### *Privacy Update*

- Each year the University must submit a Statistical Report documenting all requests for access to general records and records containing personal information. A summary of the statistical report is below:

Category	Calendar year 2018	Calendar year 2019
Breaches investigated	11	16
Requests for personal information	11	9
Requests for general information	3	3
Requests resolved informally	3	9
3 <sup>rd</sup> party notifications	2	1

- The report considers the University's compliance obligations under the Freedom of Information and Protection of Privacy Act. There was one instance of non-compliance with legislated timelines identified in the Statistical Report. In one case, the statutory timeline was exceeded by one day.

### ***Policy Update***

- The Secretariat is working on two key policy initiatives scheduled for implementation by June 2020:
  - Amendments to the Technology Use Policy will update the existing policy (last updated in May 2012). The amendments will bring additional clarity to acceptable and unacceptable use of technology, and to users' expectation of privacy when using Information Technology Resources. A draft has been reviewed by Senior Leadership Team and the Policy Advisory Committee and will be reviewed at the February Academic Council. We anticipate bringing the draft to Audit and Finance Committee at the April 15 meeting for consultation.
  - A new Code of Ethical Conduct Policy will promote standards of ethical conduct and integrity, and provide additional direction to employees in areas of conflict of interest, compliance, confidentiality and the acceptance of gifts. A draft is being finalized for consultation with the Policy Advisory Committee (March), Academic Council (April), Administrative Leadership Team (April). We anticipate bringing the draft to Audit and Finance Committee by the June 17 meeting.
- The Secretariat is also working on a policy initiative to support the Trade Compliance priority for this year:
  - The Controlled Goods Policy will provide a framework for compliance with Canada's Controlled Goods Program and ensure the structure is in place to undertake research using goods identified in the Defense Production Act and Controlled Goods Regulation. A draft is being finalized for consultation with the Policy Advisory Committee (March), Academic Council (March), Administrative Leadership Team (May). We anticipate bringing the draft to Audit and Finance Committee at the April 15 meeting for consultation.

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### **SUPPORTING REFERENCE MATERIALS:**

- IPC Statistical Report Draft



The Year-End Statistical Report  
for the  
Information and Privacy Commissioner of Ontario

**Statistical Report of  
University of Ontario Institute of Technology  
for the Reporting Year 2019**

**for**  
*Freedom of Information and Protection of Privacy Act*

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## Section 1: Identification

<b>1.1</b>	Organization Name	University of Ontario Institute of Technology
	Head of Institution Name & Title	Steven Murphy, President and Vice-Chancellor
	Head of Institution E-mail Address	president@ontariotechu.ca
	Management Contact Name & Title	Cheryl Foy, University Secretary & General Counsel
	Management Contact E-mail Address	cheryl.foy@ontariotechu.ca
	Primary Contact Name & Title	Cheryl Foy, University Secretary & General Counsel
	Primary Contact Email Address	cheryl.foy@ontariotechu.ca
	Primary Contact Phone Number	9057213174
	Primary Contact Fax Number	9057213076
	Primary Contact Mailing Address 1	Office of the Board of Governors
	Primary Contact Mailing Address 2	Ontario Tech University
	Primary Contact Mailing Address 3	2000 Simcoe Street North
	Primary Contact City	Oshawa
	Primary Contact Postal Code	L1G0C5
<b>1.2</b>	Your institution is:	University

## Section 2: Inconsistent Use of Personal Information

<b>2.1</b>	Whenever your institution uses or discloses personal information in a way that differs from the way the information is normally used or disclosed (an inconsistent use), you must attach a record or notice of the inconsistent use to the affected information.	0
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### Your institution received:

- ☐ No formal written requests for access or correction
- ☒ Formal written requests for access to records

## Section 2: Inconsistent Use of Personal Information

- ☐ Requests for correction of records of personal information only

## Section 3: Number of Requests Received and Completed

Enter the number of requests that fall into each category.

- 3.1** New Requests received during the reporting year
- 3.2** Total number of requests completed during the reporting year

Personal Information	General Records
10	4
9	3

## Section 4: Source of Requests

Enter the number of requests you completed from each source.

- 4.1** Individual/Public
- 4.2** Individual by Agent
- 4.3** Business
- 4.4** Academic/Researcher
- 4.5** Association/Group
- 4.6** Media
- 4.7** Government (all levels)
- 4.8** Other
- 4.9** Total requests (Add Boxes 4.1 to 4.8 = 4.9)

Personal Information	General Records
9	3
0	0
0	0
0	0
0	0
0	0
0	0
0	0
9	3

BOX 4.9 must equal BOX 3.2

## Section 5: Time to Completion

How long did your institution take to complete all requests for information? Enter the number of requests into the appropriate category. How many requests were completed in:

- 5.1** 30 days or less
- 5.2** 31 - 60 days
- 5.3** 61 - 90 days
- 5.4** 91 days or longer
- 5.5** Total requests (Add Boxes 5.1 to 5.4 = 5.5)

Personal Information	General Records
7	0
1	1
0	2
1	0
9	3

BOX 5.5 must equal BOX 3.2

Section 6: Compliance with the Act

In the following charts, please indicate the number of requests completed, within the statutory time limit and in excess of the statutory time limit, under each of the four different situations:

- NO notices issued;
- BOTH a Notice of Extension (s.27(1)) and a Notice to Affected Person (s.28(1)) issued;
- ONLY a Notice of Extension (s.27(1)) issued;
- ONLY a Notice to Affected Person (s.28(1)) issued.

Please note that the four different situations are mutually exclusive and the number of requests completed in each situation should add up to the total number of requests completed in Section 3.2.(Add Boxes 6.3 + 6.6 + 6.9 + 6.12 = BOX6.13 and BOX 6.13 must equal BOX 3.2)

A. No Notices Issued

		Personal Information	General Records
6.1	Number of requests completed within the statutory time limit (30 days) where neither a Notice of Extension (s.27(1)) nor a Notice to Affected Person (s.28(1)) were issued.	7	0
6.2	Number of requests completed in excess of the statutory time limit (30 days) where neither a Notice of Extension (s.27(1)) nor a Notice to Affected Person (s.28(1)) were issued.	1	0
6.3	Total requests (Add Boxes 6.1 + 6.2 = 6.3)	8	0

B. Both a Notice of Extension (s.27(1)) and a Notice to Affected Person (s.28(1)) Issued

		Personal Information	General Records
6.4	Number of requests completed within the time limits permitted under both the Notice of Extension (s.27(1)) and a Notice to Affected Person (s.28(1)).	0	0
6.5	Number of requests completed in excess of the time limit permitted by the Notice of Extension (s.27(1)) and the time limit permitted by the Notice to Affected Person (s.28(1)).	0	0
6.6	Total requests (Add Boxes 6.4 + 6.5 = 6.6)	0	0

C. Only a Notice of Extension (s.27(1)) Issued

		Personal Information	General Records
6.7	Number of requests completed within the time limits permitted under both the Notice of Extension (s.27(1)).	1	0
6.8	Number of requests completed in excess of the time limit permitted by the Notice of Extension (s.27(1)).	0	0
6.9	Total requests (Add Boxes 6.7 + 6.8 = 6.9)	1	0

D. Only a Notice to Affected Person (s.28(1)) Issued

		Personal Information	General Records
6.10	Number of requests completed within the time limits permitted under both the Notice to Affected Person (s.28(1)).	0	3
6.11	Number of requests completed in excess of the time limit permitted by the Notice to Affected Person (s.28(1)).	0	0
6.12	Total requests (Add Boxes 6.10 + 6.11 = 6.12)	0	3

E. Total Completed Requests (sections A to D)

Personal Information	General Records
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## Section 6: Compliance with the Act

**6.13** Total requests (Add Boxes 6.3 + 6.6 + 6.9 + 6.12 = 6.13)

9

3

BOX 6.13 must equal BOX 3.2

## Section 6a: Contributing Factors

Please outline any factors which may have contributed to your institution not meeting the statutory time limit. If you anticipate circumstances that will improve your ability to comply with the Act in the future, please provide details in the space below.

There has been a high volume of requests for Student Accessibility Services files this year where the requests were for documents originally provided by the student and the students needed the documents faster than the 30 days provided by FIPPA. The requirement for review by the Privacy Office before release, as well as a review by a health practitioner due to the content of the records delayed release in many of the files compared to the needs of the requesters.

To better accommodate requesters, we reviewed our process for access to personal information in their own Student Accessibility Services files to determine whether informal access could be provided. We have established a process that will allow requesters to submit an informal request for any materials that they originally submitted to the file. This process will ensure timely access to required information without any request fee.

However, in one case after the informal process was established, a requester followed the formal process, rather than the informal process, and the statutory time limit was exceeded by one day.

## Section 7: Disposition of Requests

What course of action was taken with each of the completed requests? Enter the number of requests into the appropriate category.

- 7.1** All information disclosed
- 7.2** Information disclosed in part
- 7.3** No information disclosed
- 7.4** No responsive records exists
- 7.5** Request withdrawn, abandoned or non-jurisdictional
- 7.6** Total requests (Add Boxes 7.1 to 7.5 = 7.6)

Personal Information	General Records
8	0
1	3
0	0
0	0
0	0
9	3

BOX 7.6 must be greater than or equal to BOX 3.2

## Section 8: Exemptions & Exclusions Applied

For the Total Requests with Exemptions/Exclusions/Frivolous or Vexatious Requests, how many times did your institution apply each of the following? (More than one exemption may be applied to each request)

- 8.1** Section 12 - Cabinet Records
- 8.2** Section 13 - Advice to Government
- 8.3** Section 14 - Law Enforcement<sup>1</sup>
- 8.4** Section 14(3) - Refusal to Confirm or Deny

Personal Information	General Records
0	0
0	3
0	0
0	0

## Section 8: Exemptions & Exclusions Applied

<b>8.5</b>	Section 14.1 - Civil Remedies Act, 2001
<b>8.6</b>	Section 14.2 - Prohibiting Profiting from Recounting Crimes Act, 2002
<b>8.7</b>	Section 15 - Relations with Other Governments
<b>8.8</b>	Section 16 - Defence
<b>8.9</b>	Section 17 - Third Party Information
<b>8.10</b>	Section 18 - Economic and Other Interests of Ontario
<b>8.11</b>	Section 18.1 - Information with Respect to Closed Meetings
<b>8.12</b>	Section 19 - Solicitor-Client Privilege
<b>8.13</b>	Section 20 - Danger to Safety or Health
<b>8.14</b>	Section 21 - Personal Privacy(Third Party) <sup>2</sup>
<b>8.15</b>	Section 21(5) - Refusal to Confirm or Deny
<b>8.16</b>	Section 21.1 - Species at risk
<b>8.17</b>	Section 22 - Information soon to be published
<b>8.18</b>	Section 27.1 - Frivolous or Vexatious
<b>8.19</b>	Section 49 - Personal Information(Requester)
<b>8.20</b>	Section 65 - Act Does Not Apply <sup>3</sup>
<b>8.21</b>	Section 65(6) - Labour Relations & Employment Related Records and Appointment and Placement Related Records
<b>8.22</b>	Section 67 - Other Acts
<b>8.23</b>	PHIPA Section 8(1) Applies
<b>8.24</b>	Total Exemptions & Exclusions Add Boxes 8.1 to 8.23 = 8.24

0	0
0	0
0	0
0	0
0	1
0	1
0	0
1	0
0	0
0	0
0	3
0	0
0	0
0	0
0	0
1	0
1	0
1	0
0	0
0	0
4	8

<sup>1</sup> not including Section 14(3)

<sup>2</sup> not including Section 21(5)

<sup>3</sup> not including Section 65(6)

## Section 9: Fees

Did your institution collect fees related to request for access to records?

<b>9.1</b>	Number of REQUESTS where fees other than application fees were collected
<b>9.2.1</b>	Total dollar amount of application fees collected
<b>9.2.2</b>	Total dollar amount of additional fees collected
<b>9.2.3</b>	Total dollar amount of fees collected (Add Boxes 9.2.1 + 9.2.2 = 9.2.3)
<b>9.3</b>	Total dollar amount of fees waived

Personal Information	General Records	Total
0	0	0
\$45.00	\$15.00	\$60.00
\$0.00	\$0.00	\$0.00
\$45.00	\$15.00	\$60.00
\$0.00	\$0.00	\$0.00

## Section 10: Reasons for Additional Fee Collection

Enter the number of REQUESTS for which your institution collected fees other than application fees that apply to each category.

## Section 10: Reasons for Additional Fee Collection

	Personal Information	General Records	Total
<b>10.1</b> Search time	0	0	0
<b>10.2</b> Reproduction	0	0	0
<b>10.3</b> Preparation	0	0	0
<b>10.4</b> Shipping	0	0	0
<b>10.5</b> Computer costs	0	0	0
<b>10.6</b> Invoice costs(and other as permitted by regulation)	0	0	0
<b>10.7</b> Total (Add Boxes 10.1 to 10.6 = 10.7)	0	0	0

## Section 11: Correction and Statements of Disagreement

Did your institution receive any requests to correct personal information?

	Personal Information
<b>11.1</b> Number of correction requests received	0
<b>11.2</b> Correction requests carried forward from the previous year	0
<b>11.3</b> Correction requests carried over to next year	0
<b>11.4</b> Total Corrections Completed [(11.1 + 11.2) - 11.3 = 11.4]	0

BOX 11.4 must equal BOX 11.9

What course of action did your institution take regarding the requests that were received to correct personal information?

	Personal Information
<b>11.5</b> Correction(s) made in whole	0
<b>11.6</b> Correction(s) made in part	0
<b>11.7</b> Correction refused	0
<b>11.8</b> Correction requests withdrawn by requester	0
<b>11.9</b> Total requests (Add Boxes 11.5 to 11.8 = 11.9)	0

BOX 11.9 must equal BOX 11.4

In cases where correction requests were denied, in part or in full, were any statements of disagreement attached to the affected personal information?

	Personal Information
<b>11.10</b> Number of statements of disagreement attached:	0

If your institution received any requests to correct personal information, the Act requires that you send any person(s) or body who had access to the information in the previous year notification of either the correction or the statement of disagreement. Enter the number of notifications sent, if applicable.

	Personal Information
<b>11.11</b> Number of notifications sent:	0

**Note:**

This report is for your records only and should not be faxed or mailed to the Information and Privacy Commissioner of Ontario in lieu of online submission. Faxed or mailed copies of this report will NOT be accepted. Please submit your report online at: <https://statistics.ipc.on.ca>.

**Thank You for your cooperation!**

**Declaration:**

I, Cheryl Foy, University Secretary & General Counsel, confirm that all the information provided in this report, furnished by me to the Information and Privacy Commissioner of Ontario, is true, accurate and complete in all respects.

*Signature*

*Date*