



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

**April 12, 2023**

**2:00 p.m. to 4:50 p.m.**

**[Videoconference](#)**

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**Members:** Carla Carmichael (Chair), Roger Thompson (Vice-Chair), Laura Elliott, Mitch Frazer, Kathy Hao, Thorsten Koseck, Dale MacMillan, Steven Murphy, Kim Slade

**Staff:** Sarah Cantrell, Jacquelyn Dupuis, Krista Hester, Lori Livingston, Brad Maclsaac, Kimberley McCartney, Pamela Onsiong, Lauren Turner

**AGENDA**

No.	Topic	Lead	Allocated Time	Suggested Start Time
<b>PUBLIC SESSION</b>				
<b>1</b>	<b>Call to Order</b>	Chair	5	2:00 p.m.
<b>2</b>	<b>Agenda (M)</b>			
<b>3</b>	<b>Conflict of Interest Declaration</b>			
<b>4</b>	<b>Chair's Remarks</b>	Chair	5	2:05 p.m.
<b>5</b>	<b>President's Remarks</b>	Steven Murphy	5	2:10 p.m.
<b>6</b>	<b>Finance</b>			
6.1	Approval of 2023-2026 Budget* (M)	L. Livingston/ B. Maclsaac	60	2:15 p.m.
6.2	Amendments – 2023-2024 Tuition & Ancillary Fees* (M)	S. Cantrell/ B. Maclsaac	5	3:15 p.m.
<b>7</b>	<b>Investment Oversight</b>			
7.1	Endowment Disbursement* (M)	Brad Maclsaac	5	3:20 p.m.
<b>8</b>	<b>Risk Management Annual Report* (I)</b>	Brad Maclsaac	15	3:25 p.m.
<b>9</b>	<b>Consent Agenda (M):</b>	Chair	5	3:40 p.m.

9.1	Minutes of Public Session of A&F Meeting of February 22, 2023*			
9.2	Credit Rating Update*			
No.	Topic	Lead	Allocated Time	Suggested Start Time
10	Adjournment (M)	Chair		3:45 p.m.
<b>BREAK – 10 minutes</b>				
<b>NON-PUBLIC SESSION (material not publicly available)</b>				
11	Call to Order	Chair	5	3:55 p.m.
12	Conflict of Interest Declaration			
13	President's Remarks	Steven Murphy	5	4:00 p.m.
14	Finance			
14.1	Confidential Budget Items	L. Livingston/ B. Maclsaac	25	4:05 p.m.
15	Risk Update (Non-Public Questions)	Brad Maclsaac	5	4:30 p.m.
16	Consent Agenda (M):	Chair	5	4:35 p.m.
16.1	Minutes of Non-Public Session of A&F Meeting of February 22, 2023*			
16.2	A&F 2022-2023 Work Plan*			
16.3	A&F Action Points*			
17	<i>In Camera</i> Session		10	4:40 p.m.
18	Termination (M)			4:50 p.m.

Lauren Turner, University Secretary

## COMITTEE REPORT

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**SESSION:**

Public   
 Non-Public

**ACTION REQUESTED:**

Decision   
 Discussion/Direction   
 Information

**TO:** Audit & Finance Committee (A&F)

**DATE:** April 12, 2023

**PRESENTED BY:** Brad Maclsaac, Vice President Administration

**SUBJECT:** Multi Year Budget 2022-26 Approval

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**COMMITTEE MANDATE:**

The committee is responsible for governing and managing the affairs of the university, which includes the responsibility of approving the annual budget of the university and to monitor its implementation.

We are seeking approval for a balanced 2023-2024 budget and the current investment plan in principle that results in marginal deficits in the preceding two years. As outlined in the paper we are exploring numerous actions, keeping factors external to the organization’s control firmly in mind, in order to come back to committee with a revised plan outlining a balanced position in each of those years.

**BACKGROUND/CONTEXT & RATIONALE:**

At the November committee meeting we reviewed the [Fiscal Blue Print Paper](#), which included budget forecast, assumptions, competing demands and proposed strategic directions. Based on this conversation, internal planning meetings and community town halls the university has prioritized activities to fund for 2023-2024 with an eye on the longer term. These budget priorities are guided by the [2021-2023 Integrated Academic Research Plan](#) and the items outlined through the building of the new 2023-2028 Integrated Academic Research Plan.

The current budget planning environment remains difficult to balance given the government policies related to tuition and grant. This document provides an overview of the university’s 2023-2024 **\$225M consolidated budget** and outlines the fiscal tensions we face resulting from multiple competing demands. From a revenue perspective, the **increase over the prior year is \$15.5M**. The largest contributors to this increase are \$6.8M tuition, \$2.6M focused grants, \$1.9M Brilliant Catalyst contract and \$1.9M interest income. These are offset by increases in expenditures with the majority (\$12.8M) going to salaries.

While 2023-2024 presents a balanced budget, it has been accomplished by using a portion of the reserves. The assumed salary increased based on current ratios and estimated contracts leads

to a deficit budget in future years. Leadership will continue to explore ways to bring this into a surplus position in order to invest in our priorities and future viability. This is not an action that will wait for future budget discussions, the time to act is now. As outlined in the paper we have already explored ways within our control such as increasing student enrolments. We will also explore numerous other levers such as government advocacy, donations, alternate revenue sources and revisions to our planned expenses where necessary.

### **Discussions:**

While this budget continues to move us forward on our mission and priorities there are number of areas that were not funded to the levels we would like. A desired outcome of the budget presentations is to ensure members are aware of, and comfortable with, the risks and risk mitigation strategies related to:

Enrolment - The preparation of the operating budget involves the use of projections and estimates that increase the level of overall risk of not achieving the desired results. For example, a 1% deviation in enrolment will lead to ~\$1M variance (positive or negative) from tuition fee revenues. We have a goal of being within 3% of targets. To manage this risk, we are holding back some larger infrastructure projects until we see enrolment performance in August.

Strategic Investments – The \$15.5 million in net new revenues to invest in our priorities were maximized through internal reallocations and a judicious focus on our priorities to fund areas of growth, innovation and students' support. Despite this we were only able to fund ~40% of the strategic requests received. The biggest unfunded item at this time is equipment that is at end of life. There is a contingency reserve should equipment break-down. If there are in-year revenue increases and/ or expense savings management has a list of next priorities to fund.

Reserves – While it is important to save for a rainy day, we are definitely continuing to face a storm right now. We have not budgeted for a reserve this year. Normally, the university sees in-year savings but we are not predicting as much at this time as many hiring delays have already been factored into the budget. Should more revenues come in and/ or expense savings arise we will first look at capital repairs and then direct excess funds to university reserves.

### **ALIGNMENT WITH MISSION, VISION, VALUES:**

The suggested directions are made with an eye on the mission of the university and an investment in the priorities laid out in the Integrated Academic Research Plan. They will allow Ontario Tech to continue to provide high-quality undergraduate and graduate services and experiences to its students.

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

The budget was developed using assumptions that are compliant with funding guide, provincial tuition fee policy and Ontario Tech's ancillary fee protocol.

### **MOTION:**

Pursuant to the recommendation of management, that the Audit and Finance Committee recommends to the Board of Governors approval of the 2023-2024 budget and approval in principle of the budgetary projections for 2024-2025 and 2025-2026.

### **SUPPORTING REFERENCE MATERIALS:**

2023-26 Budget Paper

2023-26 Draft Operating Budget PowerPoint presentation



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# ONTARIO TECH UNIVERSITY'S 2023-2026 Multi-Year Rolling Budget

Budget Working Group, March 2023

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## Executive Summary

This paper outlines Ontario Tech University's balanced 2023-2024 budget plan for the university's Board of Governors and campus community. It also summarizes the main assumptions for the next two fiscal years. This is the first year we are bringing forward a multi-year budget and seeking approval for the next three years. Transitioning to a multi-year budget approval process is part of evolving the university planning horizon timelines for the purposes of assessing financial risk in outer years as part of the budgeting process. This multi-year budget will be framed as a three-year rolling outlook, with revisions and adjustments made each year as required.

The Budget Plan intends to maximize the advancement of priorities, ensure long-term financial sustainability and support bold opportunities by strategically investing for future growth and success. However, developing a balanced budget continues to be a challenge. The 2023-2024 budget is based on the funding parameters, programs and operational framework in place at the time of preparation. The ongoing fiscal constraints resulting from the Province of Ontario's frozen grant funding model, as well as multi-year tuition reduction and freezes (i.e., 10% reduction in 2019 followed by a four-year freeze), has had a cumulative \$62M negative impact on our revenue. In addition, we continue to experience inflation levels not seen in nearly 30 years. With key service costs increasing at annual rates above 5%, our expenses are far outpacing our revenues. This current financial context requires ongoing discipline to address budget pressures while targeting resources to invest in our plans. We also remain committed to finding efficiencies and identifying net new resources available to fund priority areas.

The [2021-2023 Integrated Academic Research Plan](#) (IARP) marked a continued commitment to our four strategic priority areas: Learning Re-imagined, Creating a Sticky Campus, Tech with a Conscience and Partnerships. When acted upon, these priorities will move us toward realizing our university's [vision](#). Ontario Tech has the challenge of balancing fiscal restraints while investing in the IARP priorities. To accomplish this, budget assumptions were developed that integrate multi-year enrolment projections, including a growth plan, and financial risks management. This summer we will finalize the university's new 2023-2028 IARP that necessarily and unapologetically states our aspirations to grow and emerge as a leading sustainable public university that drives innovation, and values student learning experiences, employees, and community partnerships.

This budget document provides an overview of the university's 2023-2024 **\$225M consolidated budget** and outlines the fiscal tensions we face resulting from multiple competing demands. From a revenue perspective, the **increase over the prior year is \$15.5M**. The largest contributors to this increase are:

- Tuition (\$6.8M, which includes growth in international \$3.8M and domestic \$2.5M enrolments).
- Grants (\$2.6M with the majority to support growth in nursing enrolments).
- Other (\$4M, including \$1.9M in Brilliant Catalyst contracts and \$1.6M in interest income).

From an expense perspective, a large percentage of the new revenues are linked to mandatory allocations. However, some additional investments will be made from the available new discretionary funds and reallocations. These include the following increases in expenditures:

- \$12.8M investment in people (including salaries and benefits).
- \$2.7M in operating expenses (\$1.2M scholarships, \$1.1M in research support focusing on matching funds, and \$0.3M in student life and \$0.1M other).

The remainder of this paper highlights and expands on these investments, and explains how budget allocations align with the IARP.

## Introduction

The era of “quality at any cost” has come to an end in the face of declining government support and the flattening of net tuition revenues. The historical norm for a university, as a not-for-profit entity, was to annually increase tuition revenues to, in turn, increase supports for teaching, learning and research. With a well-documented tuition cut in 2019, followed by an ongoing tuition freeze, for the past five years the university has continued to enhance quality by reallocating resources from lower impact activities to higher impact, mission-aligned priorities. As we look at the next five years, our ability to reallocate resources for these purposes cannot be sustained.

Ontario Tech has realized some amazing feats, punching well above its weight on items that are within our control. In the years since announcing the new brand, our student applications have increased for two consecutive years, which translates into a combined rise of 60.5% over 2020 applications. Further, the university has experienced tremendous recognition growth worldwide and has achieved strong reputational and research rankings from national and international organizations.

Simultaneously, we have been, and continue to be, impacted by factors beyond our control. As a public institution, we are constrained by government policies that limit our grant, tuition and ancillary fee revenues. These revenue sources bring in more than 90% of our funding. As our costs grow, and these revenue sources remain fixed, our spending power will continue to decline. This negatively impacts our ability to be financially sustainable as we enter into the next three-year rolling budget cycle. We can delay some of the upcoming challenges by focusing on growth, especially in international student numbers. Nevertheless, these efforts need to be coupled with advocacy for government grant support for domestic student growth (i.e., university-aged individuals) within the Durham Region and the broader GTA over the next decade. Based on current labour market assumptions and the desire to maintain faculty and staff ratios, there will soon be no additional funds available for future investments in people or operational activities. Based on current assumptions, Ontario Tech is experiencing a structural deficit.

While difficult economic times lie ahead for all post-secondary institutions in the province, Ontario Tech’s size makes it particularly vulnerable. The cut to tuition in 2019 followed by a three-year freeze has cost the institution more than \$62M in cumulative revenue over that same period, assuming previous policy maximums, including almost \$16M in 2023. Those funds would have been applied directly into investment in our employees and operations. Unfortunately, it is anticipated that tuition and operating grant freezes will remain in place through 2027, which is the duration of the current government’s mandate, and there is no promise of reprieve. We will continue to explore alternative revenue sources and operating efficiencies where possible. In the meantime, to help offset decreased tuition and operating grant freezes, we have prepared an aggressive growth plan. In 2020 we embarked on increasing our international enrolment targets to those comparable to the system average (i.e., moving from 7% to about 18% of our overall enrolment totals). We must increase enrolment by 300 students per year in order to cover existing labour agreement costs. Failing to do so could impact the quality of the supports we provide to our students.

Looking at the long-term deficit, we will continue to explore opportunities to develop our 170 acres of land north of Conlin Road in a manner that can lead to sustained revenue generation for the university. Considerations include developing student housing, with embedded retail entities that flow a percentage of their profits to our bottom line. Selling parcels of land, moreover, is another option to explore for the purpose of providing the university with an immediate infusion of funds. The decisions made must ensure the university’s sustainability for decades to come, while also recognizing that there are few commodities as precious as land. We simply cannot predict when, or if, the financial funding of higher education institutions will reflect the essential role we play in society.



## 2023-2024 Operating Statement

The 2023-2024 Operating Statement presents a balanced budget (**Figure 1**). Ontario Tech uses the fund accounting method for its budgetary operations. Each fund that has an allotted budget has a primary function that allows us to earmark revenues and expenditures for specific purposes that meet the funds' conditions. Each fund holds the net resources available to meet its current and future obligations. We separate these to provide greater clarity on some of the larger portfolios, which have specific expenses tied to the revenues and the university does not have as much discretion on allocations. Different budget requirements apply depending on the type of fund. For example, ancillary fees are collected for very specific activities (e.g., student peer learning supports) and we cannot move those over to capital investment. Similarly, commercial service expenses include the expenses required to run those activities such as staffing and the purchasing costs of goods sold. We would not be able to bring in the revenues to allocate to something else if we did not incur the corresponding expenses up front. By rolling all these funds up, we can provide the consolidated budget.

The general assumptions in this budget align with the fiscal Blueprint presented to the Board in [November 2022](#) with the major increase in revenue being directly linked to higher student enrolments and a contract in "other revenues".

**Figure 1. 2023-2024 Consolidated Budget**

	Operating Budget	Purchased Services	Operating-REV	Ancillary Fee Budget	Infrastructure Capital	Commercial Services	2023 - 24 Proposed Budget	2022 - 23 Approved Budget	Variance
<b>Revenues</b>									
Operating Grants	60,547	-	-	-	13,500	-	74,047	74,517	(470)
Other Grants	5,755	-	2,854	221	1,999	-	10,829	7,710	3,119
Tuition	93,175	-	8,584	450	-	-	102,209	94,719	7,490
Student Ancillary Fees	1,473	1,380	110	10,635	1,827	-	15,424	14,081	1,343
Donations	24	-	2,190	122	-	2	2,338	1,784	553
Other Revenue	4,516	185	9,725	114	-	5,930	20,469	17,035	3,434
<b>Total Operating Revenues</b>	<b>\$ 165,489</b>	<b>\$ 1,565</b>	<b>\$ 23,462</b>	<b>\$ 11,542</b>	<b>\$ 17,326</b>	<b>\$ 5,932</b>	<b>\$ 225,315</b>	<b>\$ 209,847</b>	<b>\$ 15,468</b>
<b>Base Expenditures</b>									
FT Labour	(99,366)	(6,730)	(4,889)	(5,875)	-	(1,215)	(118,075)	(115,326)	(2,749)
PT Labour	(11,447)	(211)	(4,338)	(1,265)	-	(293)	(17,554)	(16,697)	(857)
OPEX	(27,624)	(7,213)	(13,888)	(2,253)	(16,501)	(3,946)	(71,424)	(70,896)	(528)
CAPITAL	(104)	-	(9)	(113)	(3,826)	-	(4,051)	(2,977)	(1,074)
<b>Approved Base Expenditures</b>	<b>(138,541)</b>	<b>(14,154)</b>	<b>(23,123)</b>	<b>(9,506)</b>	<b>(20,327)</b>	<b>(5,454)</b>	<b>(211,105)</b>	<b>(205,896)</b>	<b>(5,209)</b>
Base Asks	(5,769)	(825)	(501)	(487)	-	80	(7,501)	-	(7,501)
OTO Asks	(5,768)	-	(359)	(2,092)	-	(13)	(8,232)	(1,818)	(6,413)
Capital OTO Asks	(390)	(250)	(163)	(573)	-	-	(1,376)	(6,784)	5,408
OTO Savings	842	40	-	(15)	-	-	867	922	(55)
<b>Total Net New Asks</b>	<b>(11,085)</b>	<b>(1,036)</b>	<b>(1,022)</b>	<b>(3,167)</b>	<b>-</b>	<b>68</b>	<b>(16,242)</b>	<b>(7,680)</b>	<b>(8,562)</b>
<b>Total Expenditures</b>	<b>\$ (149,626)</b>	<b>\$ (15,190)</b>	<b>\$ (24,145)</b>	<b>\$ (12,673)</b>	<b>\$ (20,327)</b>	<b>\$ (5,386)</b>	<b>\$ (227,346)</b>	<b>\$ (213,576)</b>	<b>\$ (13,770)</b>
<b>Total CY Budget Surplus/(Deficit)</b>	<b>15,863</b>	<b>(13,625)</b>	<b>(683)</b>	<b>(1,131)</b>	<b>(3,001)</b>	<b>545</b>	<b>(2,031)</b>	<b>(3,729)</b>	<b>1,698</b>
Funded through PY restricted reserves	750	-	-	1,281	-	-	2,031	4,782	(2,751)
<b>Total Budget Surplus/(Deficit)</b>	<b>\$ 16,613</b>	<b>\$ (13,625)</b>	<b>\$ (683)</b>	<b>\$ 150</b>	<b>\$ (3,001)</b>	<b>\$ 545</b>	<b>\$ -</b>	<b>\$ 1,053</b>	<b>\$ (1,053)</b>

The 2023-2024 Operating Statement reflects the following funds and their associated budgets:

**Operating Budget (including Purchased Services):** This \$165M total consists of financial resources that can be used, for the most part, without external restrictions to achieve the university's objectives, whether related to teaching, research or community services. This includes services purchased from Durham College, which are separated for greater transparency.

**Operating - REV:** This \$24.1M represents operating units that generate revenues, which are restricted in utilization, meaning they must be used to offset the expenses of the units themselves. These units strive to be budget neutral. These self-funded units include Brilliant Catalyst, Continuous Learning, and this year includes ACE as a core research facility.

**Ancillary Fee Budget:** This \$12.7M (compared to \$10.4M last year) includes non-tuition related fees that are collected from students to cover the costs of enhancing their cultural, social and recreational experiences, and to provide other enhancements to support services. In accordance with Ministry of Colleges and Universities guidelines, and jointly agreed to OTSU-University protocols, these funds can only be used for their stated purpose.

**Infrastructure Capital:** This \$20.3M (compared to \$21.7M last year) considers financial resources used for capital expenditures such as land and building acquisitions, facility construction and major renovations. It is financed through grants, donations, loans, and transfers from other funds. This is decreased from last year as we had used reserves in 2022-2023 to fund the Charles Hall renovations. We aim to always have this balanced, but we currently require \$3M from the operating budget to cover the debenture.

**Commercial Services:** This \$5.3M (compared to \$12.1M last year) consists of financial resources intended for activities that complement the university's main research and teaching activities. It is decreased from last year as due to ACE's reclassification to Operating-REV. The budget includes self-funded services such as food outlets, Campus Bookstore, Campus Ice Centre and parking. We aim to create a small profit for this area and build a reserve for future capital investments.

The Operating Statement relies on the university's ability to generate adequate revenues to support its expenses. In a province where tuition fees and operating grants are frozen and costs are on the rise, we must ensure that we generate the revenues needed, while also constraining expenses, to ensure ongoing financial sustainability.

## 2023-2026 Multi-Year Operating Budget

Over the past decade, there has been a resurgence of interest across all sectors, especially the not-for-profit, in implementing the use of multi-year budgeting. The attention to multi-year budgeting has been prompted, in part, by the difficulty of linking long-term strategic plans with financial planning processes in annual budget cycles. This best practice debate has intensified over the past three years in the post-secondary education sector due to the impact of external factors such as the COVID-19 pandemic and/or increasing government intervention and how these impact universities' long-term financial sustainability.

After a discussion at the Board of Governors Audit and Finance Committee in February 2023, the decision was made to move to multi-year budgeting and convert annual budgeting from a technical task focused primarily on the analysis of spending increments to a planning task that considers long-term objectives. Positive aspects of multi-year planning include improved long-term planning by providing assurances to units about service delivery, and greater emphasis on program evaluation and monitoring by giving time to implement and review. University budgets are best set after the winter term begins as we have a better indication of the current student enrolment patterns, the new student application data and, normally, the government's direction on tuition. Further, it includes the ability to provide some stability in planning, greater transparency on revenue and expense strategies, and a longer time horizon for identifying and managing risks. As our largest expense is our investment in employees, the multi-year approval provides more time for the hiring process.

Multi-year budgeting requires universities to take a longer-term perspective when making decisions to undertake new initiatives, and to fund existing programs and services over multiple years. At the Board of Governors meeting in April 2023, the board will approve the university's budget plan for each individual year contained within the multi-year budget. The first year confirms the anticipated revenues and expenses, and notes any variation from the prior year's plan. The second year, in contrast, demonstrates the impact of the

current year’s decisions on the future year’s budget. It will also include some nominal assumptions (e.g., maintaining staff ratios, labour and operating contractual increases), and other assumed inflationary increases.

As we plan for the next year, and the subsequent two years, the budget assumptions focus on enrolment growth plans plus other incremental revenues, offset by “bare minimum” expense expectations. With limited revenue increases, most of the out-year expenses are dedicated to support faculty and staff hires. Also included are increases to utilities and \$1M in savings for capital repairs. How we fund the new activities to advance the differentiated nature of the university is limited in nature and mainly addressed through internal reallocations, research overheads and the provost priority fund.

With these assumptions, we have essentially achieved a balanced budget in 2023-2024 (**Figure 2**) but with staffing costs alone we enter into a deficit in 2024, which only increases in out years. Further, this current deficit forecast does not account for the real need to set aside about \$4M per year for future deferred maintenance or new capital investments for infrastructure. We normally recognize in-year savings to accomplish this suggested addition to the capital reserve, but current in-year needs may require us to use these savings. Over the past five years the university has made cuts and reallocations to focus on its priorities, leaving little room for future strategic investments if no new net funding is realized.

**Figure 2. 2023-2026 Operating Budgets**

	Budget	Budget	Budget	Budget	Budget
	2021-22	2022-23	2023-24	2024-25	2025-26
<i>FTEs</i>	<b>9,016</b>	<b>9,389</b>	<b>9,491</b>	<b>9,979</b>	<b>10,420</b>
<b>Domestic Tuition</b>	61,390	60,875	64,670	67,517	70,185
<b>Intl Tuition</b>	21,561	33,844	37,539	44,515	51,086
<b>Grants</b>	80,972	82,227	84,876	85,365	85,789
<b>Ancillary Fees</b>	12,305	14,081	15,424	16,309	17,371
<b>Other Revenue</b>	4,945	4,940	14,539	14,025	14,586
<b>Donations</b>	960	1,784	2,336	2,359	2,383
<b>Commercial Revenue</b>	8,870	12,095	5,932	6,169	6,416
<b>Total Revenue</b>	<b>\$ 191,003</b>	<b>\$ 209,847</b>	<b>\$ 225,315</b>	<b>\$ 236,258</b>	<b>\$ 247,814</b>
<b>FT Labour</b>	105,747	113,301	122,938	133,923	142,917
<b>PT Labour</b>	16,603	18,766	21,995	19,880	21,189
<b>OPEX</b>	64,943	71,749	74,902	76,941	78,247
<b>CAPITAL</b>	4,609	9,761	7,512	5,572	6,592
<b>Total Expenses</b>	<b>\$ 191,903</b>	<b>\$ 213,576</b>	<b>\$ 227,346</b>	<b>\$ 236,316</b>	<b>\$ 248,945</b>
<i>PY Reserve Utilization</i>	900	4,782	2,031	-	-
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ 1,053</b>	<b>\$ -</b>	<b>\$ (58)</b>	<b>\$ (1,131)</b>

The above table is concerning; however, it does not tell the whole story. If it was extended by one more year with similar assumptions to the above, we would see a **deficit of more than \$5M in 2026-2027**. This illustrates that our growth plans alone will not create a financially sustainable future.

Management presents this forecast as one scenario and will attempt to bring a balanced budget to the Board of Governors next year. There are several different levers that we will use in our efforts to achieve this, and these are outlined below. These represent factors that we have in our control, and a greater emphasis will be placed on advancing these items while we continue to advocate to government on those items outside of our control. **The plan to make the three-year budget balanced starts today.**

In the current economic environment, the university has to focus on further student growth, first, to cover general costs and thereafter to fund key strategic differentiators. We will maximize the amount we can increase fees as we continue to advocate for improved government grants and tuition flexibility. We cannot predict what if any tuition increase may be forthcoming, but we know that it will not cover inflation. For example, pre-2019 the average maximum addition was 3% per annum. As domestic tuition is 30% of our revenue sources, this means a return to this policy high would only yield a 1% increase to our overall revenues— an increase which falls well below the current rate of inflation.

Further, this table includes revenue from growth but not the funds required to create more space to support this growth. The assumption is that this will come from government investment, philanthropic donors, and other development opportunities. As discussed at the May 2022 Board of Governors Strategy and Planning Committee meeting, we will continue to engage in conversations with interested development partners and explore opportunities for mutually beneficial capital projects on our lands.

Our primary focus is on increasing these revenue levers because, as a relatively new institution in the Ontario post-secondary sector that was saddled with a debenture due to a lack of government support, we were lean to start with and have since experienced significant budget cuts in 2019 and 2020. We cannot simply keep cutting our expenses while at the same time aspiring to greatness. We need to seek out and combine new sources of revenue with fund reallocations to reach our desired goals. We can mitigate rising expenses by reducing some of our expense assumption and we can temporarily look to further delay capital purchases and repairs. However, cost cutting strategy can not be applied for too much longer. Indeed, other options need to be explored.

## Financial Overview – Revenue

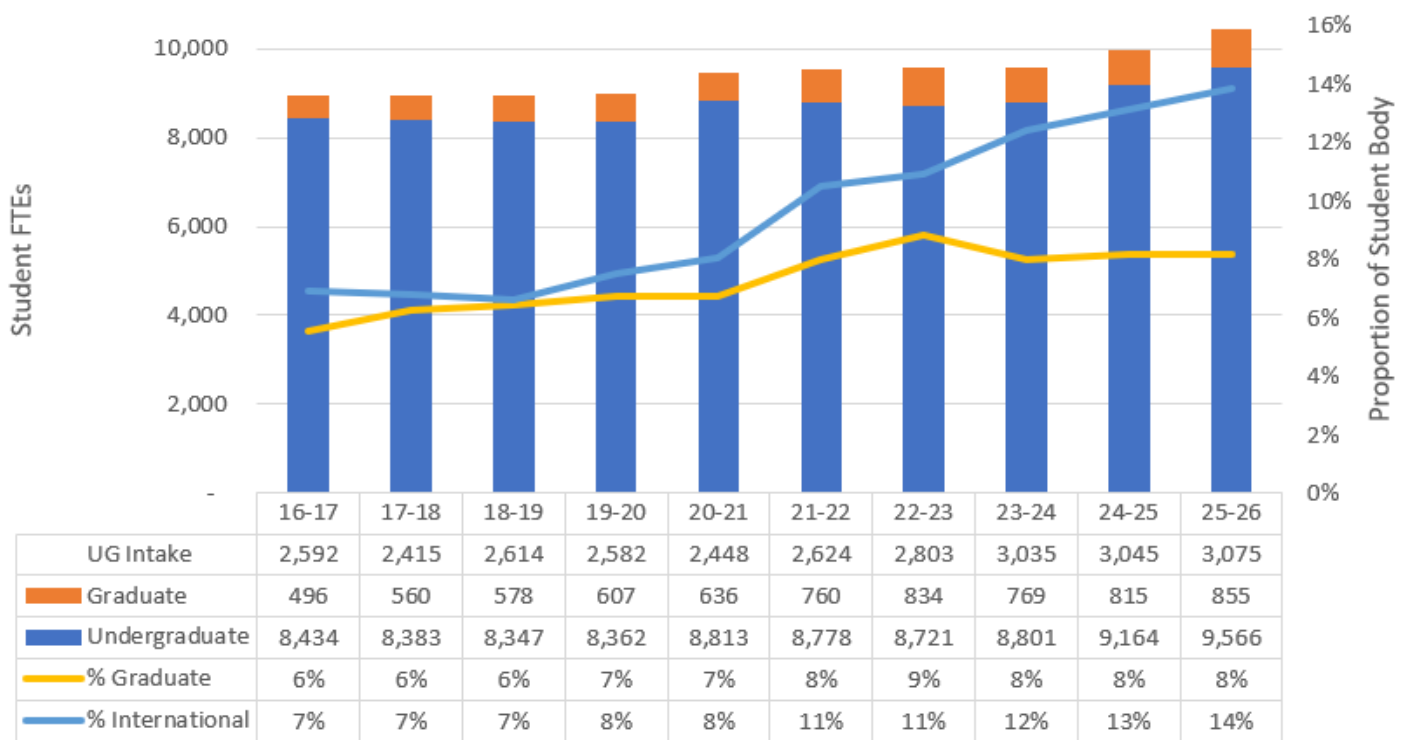
Enrolment performance is the key driver for the operating budget. As domestic enrolment increases, so does the amount of revenue recognized from tuition and ancillary fees. While provincial grants are a function of the number of students enrolled at Ontario Tech, our grant revenues currently remain static as we have achieved the maximum caps imposed upon us by the government. When combined, domestic tuition and operating grants account for about \$150M in revenue, or about 66% of our total operating budget. When other revenues driven by enrolment (e.g., ancillary fees and international tuition) are added in, revenues linked to enrolment represent almost 90% of our operating budget.

For the second consecutive year, Ontario Tech has seen remarkable increases in new student applications. These increases far exceed the system average for both domestic and international students. However, our total forecasted student enrolment will remain relatively static in 2023-2024 (**Figure 3**). Even with increased applications, followed by new student registrations, decreased student intakes during the pandemic years (i.e., 2020 and 2021) will contribute to a decreased flow-through of students over the next four to five-year period.

Importantly, even throughout the pandemic, the proportion of international students enrolled at Ontario Tech continued to grow and positively impacted our total revenues. Before the pandemic the university created a plan to increase from about 7% international to be closer in line with the Ontario system average of 18%. After investing in international recruitment and the corresponding and necessary student supports, we have made

significant strides in international student enrolments which are expected to grow to about 12% in the next fiscal year.

**Figure 3: Forecasted Student Enrolment (FTEs)<sup>1</sup>**



University revenues are derived from tuition, grant, ancillary and other fees. The university’s 2023-2024 **consolidated budget** is **\$225.3M<sup>2</sup>**, which is \$15.5M above last year. Approximately half of this growth (i.e., \$7.5M) comes equally from increases in domestic and international student enrolment. The remainder, another \$8M has specific expenses tied to ancillary operations, commercial services, or existing contractual obligations (e.g., Brilliant Catalyst agreements).

**Tuition Fees:** Domestic and international tuition is the main area of revenue growth with more than 48% of the total new revenue (i.e., variance excluding prior year reserves) compared to 62% last year. Currently, tuition fee levels for our undergraduate domestic students are near the median for Ontario universities. For 2023-2024, our international undergraduate tuition fees will increase by 3.7% on average. However, the majority of our international tuition fees will still remain below the system median.

**Ancillary Fees:** Ancillary fees are restricted for the activities for which they were approved (e.g., recreation services, health services, and a variety of other student-centred services). These represent about 10% of the total new revenue. Over the past seven years we have focused on keeping these fees relatively flat with the last two years increasing at, or below, inflation.

**Government Grants:** In 2016, the provincial government announced an enrolment-based funding formula where institutions would receive a fixed operating grant as long as their five-year enrolment average stayed within 3% of an established target (or corridor mid-point). The portion of revenues funded by the grant has now dipped to below 38% of our total revenues. This would be closer to 30% if we removed the \$13.5M

<sup>1</sup> Student enrolment is reported as full-time equivalents (FTEs).

<sup>2</sup> This does not include restricted funds such as an estimated 2023-2024 budget total of \$15.1M of acquired research funds and \$2.7M in donations.

debenture grant. In 2019, as part of the Strategic Mandate Agreement (SMA3), this funding allocation moved to being heavily tied to performance measures. Due to the pandemic, the government paused linking our funding to these new measures until 2023. Our current estimates show we will achieve all targets, and this will not impact budget.

**Commercial:** A commercial operation is a unit within the university that is expected to be financially self-sufficient. That is, each operation should generate sufficient revenue to not only cover its annual operating costs, but also provide for the renovation and replacement of its physical assets. We expect commercial operations to account for 5.8% of our new revenues.

## Financial Overview - Expenses

After two years of strategic budget cuts resulting from reduced government support, escalating costs and pandemic impacts from 2019 to 2021, we have experienced two years where our current revenue forecast increased. Simultaneously, our expenses increased due to several factors including inflation and existing contractual obligations. For example, annual salary increases averaged about \$4M in each of the past two years.

The Operating Statement (**Figure 1**) highlights specific revenues that are dedicated to certain funds/budgets and their corresponding expenses. Working from left to right under **Total New Asks**, the allocation of additional funds for 2023-2024 are as follows:

**Ancillary Budget:** An approval of an additional \$3.2M in expenses, which are all offset by specific fees collected from students (e.g., health services, ancillary fees), provincial grants (e.g., mental health) that apply directly against the operational expenses of these services, and about \$1.3M of prior year reserves. These revenues cannot be used for any other purpose.

**Infrastructure Budget:** There are no additional funds approved in this area. In fact, we are actually down about \$2M year over year as we had a number of large projects funded in 2022 by internal reserves and specific government grants. Note: This section still has a \$3.8M annual investment in capital. For more details, see Appendix D.

**Commercial Budget:** The predicted revenue in this area is down \$0.5M as the Campus Ice Centre will have one ice pad closed for major renovations for approximately six months. However, a surplus of about \$0.6M remains. The surpluses should go toward future reserves as we need to plan for capital investments to replace food service equipment and pave parking lots. However, we have moved these in year funds to balance the budget.

With this background information there are several ways to look at the budget. A simple summary is the year-over-year review. However, this misses multiple other levers such as the reallocations and the opportunity for in-year changes. With an anticipated \$15.5M revenue increase we were able to fund about 40% of the strategic budget asks that were submitted (noting that the asks were tempered by each unit lead since the November Fiscal Blueprint outlined where some investments had to go, which limited asks. We will invest \$12.8M into labour (i.e., with \$9.8M invested in FTEs) and \$2.7M into the **Operating Budget**, as follows:

- \$1.2M for scholarships and bursaries representing a 10% increase in comparison to last year.
- \$1.1M for research (including over \$500K in start-up funds).
- \$0.3M in student life-related initiatives.

Looking at the out years, we see annual increases of more than \$11M in revenues. This is offset once again by full-time labour costs increasing by almost \$11M a year between 2024 and 2026 based on assumed salary increases and limited new hires. To maintain student to faculty and slightly increase student to employee ratios, we have planned for the following complements (**Figure 4**). If revenues do not increase, we will have reduce these targets.

**Figure 4. Faculty and Staff Complements (FTEs)**

FTE's	2021-22	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26
	Budget	Filled	Budget	Filled	Budget	Budget	Budget
Faculty	306	301	321	307	328	332	338
Staff	510	491	545	505	585	600	615
<b>Total FTE</b>	<b>816</b>	<b>792</b>	<b>866</b>	<b>812</b>	<b>913</b>	<b>932</b>	<b>952</b>

*Filled represents total FILLED (non-vacant) positions as of Oct.1. Budget represents TOTAL budgeted positions regardless of filled/vacant status*

## Investing in Our Strategic Priorities

It is important to demonstrate how we are investing in our priorities as part of the budget process, whether it is through the allocation of new revenues or reallocation of existing resources. This section identifies key investments that are being made to support the IARP priorities.

While we note much of our budget is an investment in our people (i.e., 83% labour costs), there are many ways one could review this as the hires are normally made to deliver on more than just one priority. At the Board of Governors' [Fall Audit and Finance Committee](#) and Academic Council meetings, the Budget Working Group presented a fiscal blue print that outlined the starting assumptions and budget priorities. Using those overarching goals as a guide, another way to highlight the budget is:

### Learning Re-imagined/Tech with a Conscience

- \$8.1M for **Innovative Programming**: This includes the funds for Faculties to provide new and continuing supports to our students.
- \$4.5M for **Differentiated Technology and Physical Space**: Capital investment form our base budget in IT and facilities. Most of these capital investments are linked to deferred maintenance items based on industry life expectancy, and must be made to ensure long-term system infrastructure reliability, as well as meeting compliance regulations at the university. However, there are key actions such as a \$250K IT investment to start preparing to move to greater use of the “cloud” and cloud-based services. For Facilities, the boiler(s) replacement is strategically pulled forward from 2028 to meet our 2030 Green House Gas (GHG) reduction target by switching from a reliance on carbon-based fuels to a high temperature heat pump tied into our geothermal system.

### Sticky Campus/Learning Re-imagined

- \$1.2M for **Student-Centric University**: This is fully allocated to financial supports for students and represents a 10% increase over last year.
- \$1M for **Commitment to Mental Health and EDI Initiatives**: The majority of this is allocated to student life activities such as recreation/wellness, Indigenous programming and services, and co-op/experiential learning opportunities. An additional \$1.7M from reserves is being invested to make necessary repairs to our athletic facilities.
- \$1.1 for **Strategic Enrolment Management** and **Branding**: This includes more support for marketing, recruitment, and international student supports, plus new signage/wayfinding.

## Partnerships

- \$2M for **Building Community/Partnerships to Support Learning and Opportunities and Discoveries through Research**: Investments include major strengthening of staffing for research contracts, research ethics and core research facilities; funding four new Ontario Tech Research Excellence Chairs (\$300K over two-years from restricted research funds), significant seed funding for the Brilliant Energy Institute (\$450K over two years); and investing in safeguarding research, including a new manager position and renewal of Ontario Research Excellence Awards and events (\$50K annually).

## Reserves

At the Board of Governor’s Audit and Finance Committee meeting on November 24, 2021, the [Financial Sustainability and Reserves paper was discussed](#). This paper outlined the need for in-year surpluses to build reserves for long-term planning specifically related to new buildings and deferred maintenance. Although there are many competing short-term demands in budget planning, the community must understand the university’s future needs and have general guidelines on how much to save for future expenditures. For example, we have updated our facility audit to include all owned buildings. Looking to 2030, the accumulated deferred maintenance costs alone will exceed \$40M if we do nothing and the costs will continue to grow at a more rapid pace thereafter (**Figure 5**). We currently invest more than\$1.2M per year on projects to repair and/or replace infrastructure.

**Figure 5. Cumulative Deferred Maintenance**

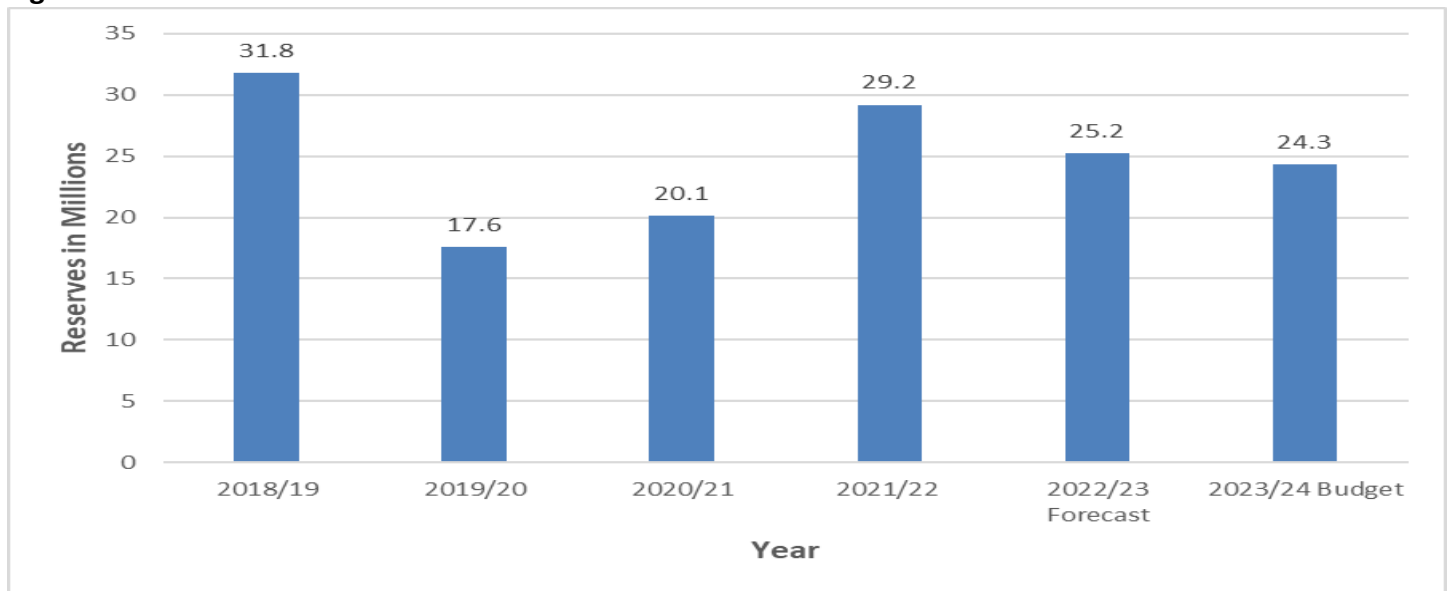


Figure 6 notes the university’s reserves position. The funds set aside for capital projects, internally restricted research funds, and funds reserved for specific purposes (e.g., academic priorities; digital and physical infrastructure). Approximately 60% of the 2022-2023 forecasted reserves are linked to the university’s existing contractual obligations (e.g., faculty start-up and professional development funds). Importantly, a \$6M working capital reserve was also set aside to stabilize the university’s financial position.

Fund balance details (as of March 31, 2022) are outline in Note 17 of the [2022 Annual Financial Statements](#). Excluded from reserves, as they are externally restricted, are sponsored research funds, endowment funds and directed donations, which are included as deferred contributions.



**Figure 6. Reserve Trends**



## Cash Flow

The university's finance administration uses a cash management forecasting model to manage its operating cash balances, operating short-term investment portfolios and its internally (e.g., ACE, Regent Theatre) and externally (e.g., research, donations) restricted cash balances. Cash balances are cyclical in nature with higher operating balances at the start of the term (September/October and January/February) 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 a revolving operating line of credit (LoC) of up to \$17M, bearing interest at prime plus 0.25% with a Canadian chartered bank. This LoC has not been utilized since 2011.

In fiscal 2022-2023, the university held \$17M of its operating cash surplus in short-term guaranteed investment certificates (GICs). These GICs expire at the end of March 2023 and the university's finance administration is currently reviewing short-term investment options. The interest rate on current treasury balances is at prime less 1.63%, which as of March 22, 2023, was 5.07%. The rising interest rates over the last 12 months have resulted in approximately \$2M in interest revenue on treasury balances in the current year versus \$400K in the prior year.

Our opening operating cash balance of \$56.1M (as of April 1, 2023), includes cash coverage for internally restricted reserves currently sitting at approximately \$25M. It also includes cash received in fiscal year 2022-2023, which will be used to fund expenses after the fiscal year-end (e.g., approximately \$9.M in-year tuition received to fund for expenses in April, 2023).

Based on a balanced budget for 2023-2024, the operating cash flow for the year is near balanced with a slight increase of approximately \$2M (see Appendix D) and reflects the timing of invoicing versus payment and receipt of cash (e.g., March HST rebate of \$1.4M to be received in April, 2023). The operating cash balance is projected at \$57.9M and externally and internally restricted cash balances (including Research, Advancement, Regent Theatre and ACE) are projected at \$28.8M at the fiscal year end.

## Financial Health Indicators

To help in assessing the financial health of the university sector, The Council of Ontario Universities (COU) has created a subset of five financial health indicators with minimum thresholds set for each indicator. These indicators are calculated based on consolidated financial statements that have been prepared in accordance

with accepted accounting principles (GAAP). Appendix C contains a summary of these indicators, including a definition for each. The financial indicators provide insight into the university's operational health and its capacity to meet its financial obligations (**Figure 7**).

As of March 31, 2022, the university had healthy performance ratios (i.e., three-year average primary reserve, net income/loss and net operating revenue ratios), which were above the COU's minimum recommended thresholds. Due to its high debt level, which is primarily the result of a \$220M debenture, our debt ratios (i.e., interest burden and viability ratios) do not meet the minimum threshold. However, these have consistently improved over the years as the university continues to pay back its debt obligations, except for fiscal year 2021-2022 when the university acquired a \$25M external loan for the long-term financing of Shawenjigewining Hall.

Whilst the Q3 operating forecast for the current year is close to break-even and the 2023-2024 budget is balanced, we project that both the current and next year's GAAP results will show a surplus due to the impact of non-budget items such as amortization of capital assets and deferred capital contributions. This GAAP surplus has resulted in projected stable performance ratios and improved debt ratios for both fiscal years. However, the university must continue with prudent financial planning. As reserves are depleted (\$3M for new capital infrastructure in 2022-2023 and \$2M to balance the 2023-2024 budget), these will need to be replenished to offset unforeseen budget situations and to provide funds to meet future strategic initiatives, whilst at the same time helping to maintain the university's financial sustainability. *Importantly*, the financial health metrics should not be reviewed in isolation, but rather together with institutional metrics, annual credit ratings and enrolment trends, which collectively provide a holistic picture of the university's current and future financial health.

**Figure 7. Financial Health Indicators**

Financial Metrics	Is the University within minimum recommended threshold	2023/24 Budget	2022/23 Forecast	3-year average to 2021/22	Minimum threshold recommended
(1) Net Income/Loss Ratio	Yes	1.6%	3.3%	3.8%	1.5%
(2) Net Operating Revenues Ratio	Yes	10.2%	10.0%	11.6%	2.0%
(3) Primary Reserve Ratio (days)	Yes	72	75	55	30
(4) Interest Burden Ratio	No *	5.6%	6.0%	7.0%	5.0%
(5) Viability Ratio	No*	28.1%	27.9%	16.6%	30.0%

\* Note: Although the debt metrics (interest burden and viability ratios) are not within the recommended threshold, these have consistently improved over the last years as the university continues to pay its debt obligations. Debt affordability is supported by the annual grant of \$13.5M from the Province of Ontario. This covers 80% of the university's annual debenture repayment.

Ratios are favourable if they are at, or above minimum, threshold, except for the interest burden ratio where the university wants to be at, or below, the recommended minimum threshold.

The above indicators do not reflect the impact of the university's acquisition of Regent Square Property Corporation on February 21, 2023, whose sole asset is Bordessa Hall, as we work to finalize the proper accounting procedures.

## Key Budget Risks

The university has outlined 12 Strategic Risks and 9 “High” risks in the 2023 Annual Risk report. Financial Risk remains foundational and is under continuous review. The university continues a proactive approach to risk mitigation and maintains a focus of long-term strategy planning and decision making to sustain financial responsibility. The following outlines key operational and strategic risks as it relates to our current budget-setting process.

- **Stakeholder Relations – students. Uncertainty in achieving enrolment targets:** As we look at new domestic and international student enrolment numbers the competition continues to increase. In a normal year, a 3% variance for total full-time equivalents (FTEs) is reasonable. With increasing competition for students and the lingering effects of the pandemic causing international students’ study visa delays, we must stay focused on this area. This equates to about \$2.5M risk. We have already started to mitigate this by exploring ways to bring in more students than planned in this budget. We have also submitted a request for tuition anomaly per the recent MCU policy release. However, as the tuition change only applies to a maximum of three programs and only to new year one students it will not generate a lot of in year revenue.
- **University community relations, campus experience, and culture:** For our campus community (i.e., students, staff, faculty, alumni) and the community-at-large, these areas may all be impacted based on the “learn and/or work from anywhere” atmosphere that has emerged as a result of the pandemic. Finding the balance between working virtually and being on campus requires our full attention. Our staff and faculty share one thing in common: a dedication to student success. Our student and administrative services are backed by an impressive array of knowledgeable and caring professionals. By increasing virtual supports for all members and enhancing the step-care model for student mental health, we will continue to deliver, and improve upon, these vital online services. With contract discussions, we are closely monitoring deviations.
- **Stakeholder Relations - external:** over the past two years, Ontario Tech has been part of two Ontario Audits. While the results were positive overall, there were recommendations on enhancing our internal audit functions. Unlike other small institutions we were applauded for having a risk and compliance function, yet it was suggested that we should look at further internal audit functions. The current budget includes funds to review these functions and engage with an external firm to outline the scope for our 2024 audit. We will continue to work with internal members to enhance the risk register and with the Board’s Audit and Finance Committee to enhance the regular reports.
- **Physical/virtual infrastructure:** One of the first budget areas to be reduced over the last few years was the repair and replacement of equipment. The chances of equipment failure only increase as the equipment ages. While we had planned last year to increase in-year spending for capital renewal and return to increasing our planned reserves for future needs, we have chosen to continue to invest in our people and delay these investments. We have a general contingency in place to mitigate emergency repairs. There are a few larger pieces of equipment that are past end of life, which we are monitoring closely spending funds on regular maintenance. This equates to about \$1.5M risk.

As we look to the out years, we know that we will have a need for increased investments in new capital and deferred maintenance projects. This budget does not anticipate setting aside the estimated \$4M per year required set aside for these types of projects.

- **Disruption from within the PSE sector.** The province's **shift to a performance-based funding model** with the SMA3 has a growing percentage of funding tied to achieving key performance indicator (KPI) targets. Due to the pandemic, implementing the performance-based funding model has been paused until 2023-2024 which is Year 4 of the SMA3 period. As we look to the third year of the agreement, we anticipate that a number of our performance/outcome indicators may be negatively impacted, but at this time we do not anticipate any financial impacts due to mitigation strategies put in place.

## Summary

The Multi-Year Rolling Budget is a key element of Ontario Tech's overarching Integrated Planning process. Driven by the IARP, our priorities are realized through our budget processes.

**It is exceptionally important that Ontario Tech continues to strive to advance its strategic priorities while also ensuring that we engage in financially responsible budgeting practices.** This paper aims to provide our stakeholders with a better understanding of our main revenue streams and expenses during the current and upcoming budget years, and, to provide the basis for discussion on investing in institutional priorities. In 2023-2024, we will balance our budget by using a significant portion of our existing reserves. Over the following couple of years, creating a balanced budget will be increasingly challenging and drawing on reserves will not be an option. Our biggest ongoing challenge will continue to be that our two main revenue streams (i.e., domestic tuition and provincial government grants) are frozen, while expenses continue to rise primarily due to yearly salary increases and the costs of inflation. We cannot simply sit back and wait for the worst to happen.

**We must take control of our financial future by differentiating between and identifying what we cannot control versus what we can control with respect to our revenue sources.** The Province of Ontario has recently struck a Blue Ribbon Panel to examine and make recommendations on how to make the post-secondary sector sustainable going forward. What those recommendations may include is unknown. Also, we cannot predict how the provincial government will respond to them. The recent federal budget also provided little in the way of support for either education- or research-related initiatives. We will always continue to invest in advocacy in an effort to see funds flow from either the provincial or federal levels of government, yet we would be foolish to think that in these austere times that there will be any meaningful commitments made, let alone substantive funds provided, to post-secondary institutions like Ontario Tech. An incremental budgeting approach focused on cutting costs is not a sustainable option.

**Our fiscal future requires us to concentrate on what we can control to increase our revenues and support our operations, while at the same time continuing to differentiate ourselves as a new up and coming university with innovation at its core.** This includes making an aggressive commitment to grow enrolments (and especially so from international markets) and the generation of new and alternative revenue streams, while at the same time finding cost efficiencies. Regardless of government-defined enrolment corridors, we see Ontario Tech growing enrolments to generate the revenues that we need to stay sustainable, while also supporting the interests and needs of our current students as well as those of the growing university-aged population in the Durham Region and Greater Toronto Area overall. Our population growth will be achieved through expanding enrolment in high demand programs, and attracting new students to Ontario Tech via the addition of co-operative education and experiential learning options, expanded career services programming, and the creation of new specialized course-based Masters programs. We will also evolve our existing program offerings to include more online and hybrid offerings, as well as credentialing opportunities through non-traditional yet newly emerging formats (e.g., microcredentials) to attract learners from non-traditional markets. Importantly, such an approach breaks down geographical and economic barriers which might otherwise prevent students from attending Ontario Tech and makes a university-level education more accessible.

**We must also assertively pursue increased revenues through a dedicated commitment to philanthropy, industry partnerships, and other alternate sources of revenue.** Getting connected to and staying connected with our growing alumni base, combined with the launch of a new comprehensive fundraising campaign, will be essential to generate additional revenues for the institution. Industry and community partnerships are another potential source of revenue, as is an expanded array of Continuous Learning offerings. Ontario Tech TALENT bridges both of these domains and will be an important contributor to the bottom line.

**Securing revenues through these aforementioned means will be essential to us not only remaining financially viable, but also to continue to grow and evolve into a differentiated, forward thinking institution with a bright future ahead of us.** It will take revenues to allow us to invest in the student, staff, and faculty experience, making Ontario Tech a great place to study, work, and thrive. As we grow we will commit to making investments to maintain quality in everything that we do, including doing our best to preserve current student-faculty and student-staff ratios.

**In conclusion, all of this will require us to have a somewhat defiant attitude to throw off the “shackles” (e.g., tuition freezes combined with enrolment corridor limits) imposed by past and currently restrictive government policies and practices.** The ultimate goal is to do more than just survive and remain sustainable. We want to put the worst case scenario (i.e., deficit position in four years) behind us and look forward to a sustainable future with a careful but aggressive approach. By doing so, we will be able to aspire to greater heights and become leaders in the Ontario post-secondary education sector. Every one of the talented members of the Ontario Tech community will need to contribute to the effort, but in so doing they will all benefit from the outcome.

## Appendix A - Financial Overview – Expenses by Category

This view of expense allocations is presented by category of expense.

- Labour expenses increase of \$12.9M total, which includes in-year mandated salary increases of more than \$3M. The 55 more employees over last budget include 43 administration, 9 faculty members and 3 shared services positions hired by Durham College.
- Of the 55 positions, 28 budget neutral (mainly administration funded by new revenues or conversion of existing budget).
- Labour is about 64% of our total budget. However, if we eliminate debenture (\$16.5M) and reserve-funded expenses (\$2M) from total expenses then labour accounts for about 70%, which is aligned with previous years.
- Operating expenses have increased \$3.1M over prior year. The main drivers of this growth include more than \$1.2M in student financial support and \$1.1M in research.
- Capital has decreased \$2.2M as the renovations to Charles Hall (\$3M) and an investment in a Nursing Simulation lab (\$1.2M) were completed in the 2022-2023. Significant capital projects for 2023-2024 include investment in the Campus Ice Centre (\$2M).

Expense Summary	2020-21	2021-22	2022-23	2022-23	2023-24	Variance	
	Actual	Actual	Budget	Forecast	Budget	2023-24 Budget v	2022-23 Budget
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	%
FT Labour	97,450	95,474	113,301	106,614	122,938	9,637	9%
PT Labour	16,833	26,209	18,766	22,439	21,995	3,229	17%
OPEX	58,511	70,999	71,749	69,407	74,902	3,153	4%
Capital	6,571	8,304	9,761	13,599	7,512	(2,249)	-23%
<b>Total Expenses</b>	<b>\$179,365</b>	<b>\$200,986</b>	<b>\$213,576</b>	<b>\$212,059</b>	<b>\$227,346</b>	<b>\$13,770</b>	<b>6.4%</b>

## Appendix B - Financial Overview – Expenses by Division

Another way to present the expense allocation is by division. Academic is comprised of the Faculties, while Academic Support refers to the direct costs of supporting students and instructors (e.g., Student Life, Library, Teaching and Learning Centre).

- Academic was approximately 30% of the total budget a decade ago and has now grown to more than 41%. It has remained consistent the last few years.
- Academic expense allocation is difficult to maintain as tuition/grant is flat while revenues to non-core activities like commercial or ancillary are growing.
- Of the \$13.8M increase in total expenses vs. 2022-2023 about 56% (\$7.7M) went to Faculties.
  - *Note that Continuous Learning (\$1.3M budget in 2022-2023) has moved to the Ancillary/Commercial line from Academic for 2023-2024*

Expense Summary	2020-21	2021-22	2022-23	2022-23	2023-24	Variance	
	Actual	Actual	Budget	Forecast	Budget	2023-24 Budget v	2022-23 Budget
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	%
Academic	76,081	83,140	87,142	85,776	93,489	6,347	7%
Academic Support	33,594	41,141	45,608	45,557	50,643	5,035	11%
Administrative	46,150	52,181	52,423	53,637	54,990	2,567	5%
Ancillary Commercial	7,039	8,023	11,902	12,268	11,723	(179)	-2%
Debenture	16,501	16,501	16,501	16,501	16,501	0	0%
<b>Total Expenses</b>	<b>\$179,365</b>	<b>\$200,986</b>	<b>\$213,576</b>	<b>\$213,739</b>	<b>\$227,346</b>	<b>\$13,770</b>	<b>6.4%</b>

## Appendix C – Financial Health Indicators – Definitions

### (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.*

### (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.*

### (3) Primary Reserve Ratio

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

*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.*

### (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.*

### (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.*



## Appendix D – Capital Expenditures

The university is investing \$7.5M into capital in 2023-2024. The majority of this is facilities (4.8M) and IT (1.7M) with roughly \$1M allocated for equipment replacement.

### **FACILITIES:**

The Office of Campus Infrastructure and Sustainability provides oversight of capital expenditures relating to the design, construction, maintenance and upgrades of all campus facilities. Capital expenditures for Ontario Tech can be classified under the following categories:

**New Construction** - building expansions to cover growing campus needs for space and/or specialized facilities.

**Facilities Modernization** - deferred maintenance and upgrading technology to keep the university on the expanding edge of technology.

**Renovations** - changes within existing space to better accommodate changes in research or teaching, as well as overall growth.

**Furniture and Fixtures** - fit-out of new spaces with furniture and equipment, as well as continuous refresh of finished spaces.

**Accessibility, Equity and Diversity/Compliance** - the university is committed to full accessibility compliance by 2025 and it is committed to carbon reduction by 2030. Projects are continuously run to exceed these targets.

**Sustainability** - beyond the commitment to lowering carbon footprints, the university continues to look for ways improve its impact on the environment through alternative fuel sources and asking partners to commit to sustainable practices as well.

Funding for these capital categories comes primarily from two sources—operating funds (including an offsetting ancillary fee) and Facility Renewal Planning (FRP) funding from the provincial government. FRP funding has strict guidelines as to its use, and deferred maintenance projects that will be using this funding are approved externally through submission to the Ministry of Colleges and Universities.

**Campus Infrastructure:**

Description	Project budget	Learning Reimagined/Tech with a Conscience - Innovative Programming	Learning Reimagined/Tech with a Conscience - Differentiated Technology and Physical Space	Partnerships - Building Community to Support Learning, Opportunities
23001-OCIS-SIRC-Concrete Ramp/Staircase Repair	\$30,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23004-OCIS-Various-Domestic Hot Water Tank Relining	\$40,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23007-ELC-U5-Update Flooring U569	\$8,600	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23008-OCIS-WFF-Modify Center Stairs and Basement Ceiling	\$80,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23009-OCIS-Various-Pump Replacements	\$250,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23010-OCIS-UA-Upgrade TEC to DXR Controllers	\$250,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23011-OCIS-NC-Abound Platform IAQ	\$90,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23012-OCIS-UB-Boiler Replacement	\$350,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23013-OCIS-Various-Stair Nosing	\$150,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23014-OCIS-Various-Lighting Upgrades	\$150,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23015-OCIS-UA-Flooring Upgrade, Lab Flooring	\$100,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23016-OCIS-UA-Failed Window Replacement	\$500,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23017-OCIS-Shared-Upgrade Emergency Generator	\$150,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23019-Carbon Capture at ACE	\$30,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23020-C&M-FAC-Various-Campus Wayfinding Initiative	\$355,000	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23022-OCIS-CAP-CHA-154 Bruce Demolition	\$60,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23023-ITS-CAP-UP-UP1501 Stage Lower	\$20,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23027-FEAS-CAP-ENG-ENG 3026 New Offices	\$76,770	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23031-ATH-FAC-CIC-CIC Pad Replacement	\$1,750,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Shared Services Projects with Durham College:</i>				
Paving/Roadway Repairs	\$100,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Water Valving	\$75,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Grounds Improvements	\$235,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>TOTAL 2023-24 OCIS CAPITAL</b>	<b>\$4,850,370</b>			

**Information Technology:**

Description	Project budget	Learning Reimagined/Tech with a Conscience - Innovative Programming	Learning Reimagined/Tech with a Conscience - Differentiated Technology and Physical Space	Partnerships - Building Community to Support Learning, Opportunities
Ellucian revitalization	\$82,673	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cognos Consulting Services	\$12,430	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banner Cloud Assessment	\$46,535	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ellucian Active Directory Account Provisioning (ADAP)	\$22,973	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ellucian Intelligent Learning Platform	\$7,500	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contract Project Manager - Banner	\$70,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Network Edge Switch Lifecycle Refresh (Access Layer)	\$200,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UPS Battery replacement	\$6,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wi-Fi Life Cycle Refresh	\$200,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephony Core and Voicemail Replacement Pilot – Phase 2	\$25,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project Manager for ICT	\$67,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data Centre – Servers Life Cycle Refresh	\$120,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data Centre – Storage Life Cycle Refresh and Capacity Increase	\$49,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Data Centre – Backup Capacity and Cell Manager Replication Licenses	\$16,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expandable Cloud Infrastructure	\$8,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cloud Migration – AD Azure Roadmap	\$50,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cherwell upgrade	\$5,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cherwell reporting and dashboarding	\$8,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PM for ITSM, USS and ICT	\$50,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TELE Lab/Equipment Refresh	\$113,100	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PC Faculty/Staff Refresh	\$374,200	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Podium replacement for AODA requirements	\$200,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>TOTAL 2023-24 IT CAPITAL</b>		<b>\$1,733,411</b>		

## Equipment

Description	Project budget	Learning Reimagined/Tech with a Conscience - Innovative Programming	Learning Reimagined/Tech with a Conscience - Differentiated Technology and Physical Space	Partnerships - Building Community to Support Learning, Opportunities
10 Alaris pumps (Health Sciences)	\$66,715	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20 Hospital bed replacement (Health Sciences)	\$23,200	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Faculty Capital Equipment Renewal	\$362,715	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Screw Compressor at Campus Ice Centre	\$68,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Replacement Zamboni for Campus Ice Centre	\$175,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Replacement of CIC desiccant wheel	\$70,000	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electric Vehicle DC Fast Charging Station (ACE)	\$162,609	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>TOTAL 2023-24 Equipment</b>		<b>\$928,239</b>		

## Appendix E – COMMERCIAL SERVICES

The Office of Ancillary Services supports the overall university vision by combining excellence in service delivery with a forward-thinking attitude that embraces technology with a conscience to advance knowledge and sustain the planet. The mandate of the unit is to enhance the campus experience by facilitating meaningful relationships, school spirit, and a sense of belonging by offering:

- Fresh, nutritious, and minimally processed foods.
- Course materials, spirit products, and other necessities.
- High-end support services that build bridges between our campus and the surrounding community.

Ontario Tech’s values of integrity, inclusion, intellectual resilience, and innovation are at the core of everything we do. Our ability to deliver outstanding customer-service results from practicing these values every day. The overarching goal of the unit is to break even. This would include setting aside reserves for capital upgrades. For this year we have set general inflationary assumptions for 2024-2026. Over the course of the next year, we will work with each unit to create a longer-term business case and annual report.

(\$000s)	21/22 Actuals	22/23 Budget	22/23 Forecast	23/24 Budget	24/25 Budget	25/26 Budget	26/27 Budget
<b>TOTAL</b>							
Revenue	2,964	6,466	5,466	5,932	6,050	6,232	6,357
Labour Cost	(1,363)	(1,603)	(1,256)	(1,508)	(1,476)	(1,520)	(1,550)
Operating Cost	(2,469)	(4,320)	(3,834)	(3,866)	(3,943)	(4,061)	(4,143)
<b>Net Surplus/(Deficit)</b>	<b>\$ (868)</b>	<b>\$ 543</b>	<b>\$ 376</b>	<b>\$ 558</b>	<b>\$ 632</b>	<b>\$ 651</b>	<b>\$ 664</b>

<b>Bookstore</b>							
Revenue	59	100	40	40	41	42	43
Labour Cost	0	0	0	0	0	0	0
Operating Cost	0	0	0	0	0	0	0
<b>Net Surplus/(Deficit)</b>	<b>\$ 59</b>	<b>\$ 100</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>\$ 41</b>	<b>\$ 42</b>	<b>\$ 43</b>

<b>Parking</b>							
Revenue	606	1,188	1,210	1,364	1,392	1,433	1,462
Labour Cost	(41)	(42)	(42)	(44)	(45)	(46)	(47)
Operating Cost	(583)	(837)	(255)	(313)	(319)	(328)	(335)
<b>Net Surplus/(Deficit)</b>	<b>\$ (18)</b>	<b>\$ 309</b>	<b>\$ 913</b>	<b>\$ 1,008</b>	<b>\$ 1,028</b>	<b>\$ 1,059</b>	<b>\$ 1,081</b>

<b>Food Services</b>							
Revenue	113	2,505	1,744	2,381	2,429	2,501	2,551
Labour Cost	(4)	(214)	(314)	(274)	(279)	(288)	(293)
Operating Cost	(548)	(2,248)	(1,673)	(2,317)	(2,364)	(2,435)	(2,483)
<b>Net Surplus/(Deficit)</b>	<b>\$ (440)</b>	<b>\$ 42</b>	<b>\$ (243)</b>	<b>\$ (210)</b>	<b>\$ (214)</b>	<b>\$ (221)</b>	<b>\$ (225)</b>

<b>Regent</b>							
Revenue	95	551	531	551	562	579	590
Labour Cost	(270)	(406)	(464)	(413)	(421)	(434)	(442)
Operating Cost	(48)	(143)	(108)	(143)	(146)	(150)	(154)
<b>Net Surplus/(Deficit)</b>	<b>\$ (222)</b>	<b>\$ 2</b>	<b>\$ (41)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>	<b>\$ (5)</b>

<b>Campus Fieldhouse &amp; Ice Centre</b>							
Revenue	1,381	1,818	1,751	1,596	1,627	1,676	1,710
Labour Cost	(421)	(699)	0	(716)	(731)	(753)	(768)
Operating Cost	(1,032)	(978)	(1,695)	(1,093)	(1,114)	(1,148)	(1,171)
<b>Net Surplus/(Deficit)</b>	<b>\$ (72)</b>	<b>\$ 141</b>	<b>\$ 56</b>	<b>\$ (214)</b>	<b>\$ (218)</b>	<b>\$ (224)</b>	<b>\$ (229)</b>

# Appendix F – CASH FLOW 2023-2024 FORECAST

MONTHLY CASH FLOW (in thousands)		Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total year
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Beginning Cash Balance	A	56,172	48,186	44,673	34,265	28,852	24,970	53,704	47,980	42,997	38,252	65,154	62,960	56,172
<b>Operating Inflows</b>														
Tuition		3,557	7,194	2,308	3,675	5,796	37,088	6,335	4,536	1,528	34,720	6,325	(23)	113,017
Grants		5,412	5,746	5,607	5,558	5,482	6,537	5,668	5,668	7,404	5,671	5,671	7,431	71,833
Other Revenues		2,298	797	1,015	674	759	1,078	656	507	980	522	780	1,989	12,035
Debtenture		6,750	-	-	-	-	-	6,750	-	-	-	-	0	13,500
Transfers from other accounts		1,993	883	883	883	1,165	883	1,168	1,168	2,013	1,167	1,443	2,452	16,081
<b>Total Operating Inflows</b>	<b>B</b>	<b>20,010</b>	<b>14,620</b>	<b>9,791</b>	<b>10,790</b>	<b>13,182</b>	<b>45,566</b>	<b>20,575</b>	<b>11,879</b>	<b>11,925</b>	<b>42,080</b>	<b>14,199</b>	<b>11,849</b>	<b>226,466</b>
<b>Operating Outflows</b>														
Payroll		(12,854)	(12,944)	(13,059)	(11,499)	(10,971)	(11,140)	(11,237)	(11,176)	(11,793)	(10,797)	(10,953)	(10,953)	(139,376)
Capital expenditures		(983)	(393)	(2,745)	(191)	(74)	(1,137)	0	0	(842)	0	0	(1,146)	(7,511)
Net payment to DC (for purchased services, payroll anomalies, etc)		(2,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(14,200)
Operating expenses		(3,809)	(3,696)	(3,295)	(3,413)	(4,919)	(3,455)	(5,712)	(4,586)	(2,935)	(3,281)	(4,340)	(3,741)	(47,182)
Debtenture		(8,250)	0	0	0	0	0	(8,250)	0	0	0	0	0	(16,500)
<b>Total Operating Outflows</b>	<b>C</b>	<b>(27,996)</b>	<b>(18,133)</b>	<b>(20,199)</b>	<b>(16,203)</b>	<b>(17,064)</b>	<b>(16,832)</b>	<b>(26,299)</b>	<b>(16,862)</b>	<b>(16,670)</b>	<b>(15,178)</b>	<b>(16,393)</b>	<b>(16,940)</b>	<b>(224,769)</b>
<b>Net Monthly Operating Cash Flows</b>	<b>D = B - C</b>	<b>(7,986)</b>	<b>(3,513)</b>	<b>(10,408)</b>	<b>(5,413)</b>	<b>(3,882)</b>	<b>28,734</b>	<b>(5,724)</b>	<b>(4,983)</b>	<b>(4,745)</b>	<b>26,902</b>	<b>(2,194)</b>	<b>(5,091)</b>	<b>1,697</b>
<b>Total Operating Cash Available</b>	<b>E = A + D</b>	<b>48,186</b>	<b>44,673</b>	<b>34,265</b>	<b>28,852</b>	<b>24,970</b>	<b>53,704</b>	<b>47,980</b>	<b>42,997</b>	<b>38,252</b>	<b>65,154</b>	<b>62,960</b>	<b>57,869</b>	<b>57,869</b>
<b>Other Cash Balances</b>														
Internally Restricted Cash (ACE, Regent Theater)	F	733	805	897	1,050	921	1,074	1,050	1,027	1,003	1,094	910	912	912
<b>Externally Restricted Cash</b>														
Advancement Cash	G	4,991	5,073	5,402	5,477	5,477	5,982	6,115	6,145	5,492	5,493	5,593	4,428	4,428
Externally Funded Research Cash	H	17,826	18,431	18,968	20,624	20,741	20,436	21,525	21,352	21,588	22,527	23,006	23,485	23,485
<b>Total Consolidated Cash Position</b>	<b>I = E + F + G + H</b>	<b>71,736</b>	<b>68,982</b>	<b>59,532</b>	<b>56,003</b>	<b>52,109</b>	<b>81,196</b>	<b>76,670</b>	<b>71,521</b>	<b>66,335</b>	<b>94,268</b>	<b>92,469</b>	<b>86,694</b>	<b>86,694</b>

## Appendix G – QUESTIONS AND ANSWERS

Below is a summary of the questions the Budget Working Group received online or at open sessions.

**International students represent 7% (2017), and currently 11% (2022), which is a 4% increase over six years, yet we expect to achieve 14% (another 3%) in four years. How do we expect to realize above trend growth rates in international recruitment? Does the demand exist?**

We started our internationalization plan in 2019 by connecting with external agents. After Year 1 we almost doubled our intake with an increase of 100 new students. In Year 2 we predicted another increase of 100 new students based on acceptances before the VISA delays. The growth plan above 15% of our population being international assumes approximately 350 new undergraduate international students a year followed by the flow-through as they progress in subsequent years. These small numbers are not an unrealistic growth trend. It is important to note that this growth plan only brings us to the Ontario university average percentage, so we are not disproportionately large.

**What are the risks to the international strategy?**

The risk of growing international enrolment may be the largest uncertainty in the budget assumptions. While we have the application demand, due to the pandemic a number of our registrants have arrived in Canada, yet there continue to be ongoing VISA delays for others. Looking longer term, there are always risks of a country saying students cannot study abroad. We mitigate these risks in a few ways. For example: when recruiting, we have a very diverse mix of incoming students, for in-year planning we are conservative with the number of international students planned to attend, and for longer term, we focus revenues on linear expenses such as bursaries, which are tied to revenue. If fewer enrol, fewer supports are required.

**Can you please clear up the factors that are involved with delaying international students? Has that been cleared up?**

Improvements have been made but we are still in the process. Delayed students will begin to arrive in the Winter semester as well as the Fall semester. There are still risks that we must consider, and we have zero control over this as it is a work in progress.

**If the university's near-term and long-term priority is focused on international student growth, what is university's commitment to making it financially realistic to attract international graduate students?**

Ontario Tech currently attracts many international students. We have tried to balance this with domestic students, which is a challenge. We have made significant improvements in this area and have increased international scholarships. We are working on international and domestic programs between undergraduate and graduate. We are continuing to look at this to enhance these pieces.

**What is happening with grant revenues? If it's 40% of revenues – what about investments in research and other investments?**

To clarify, this is the operating budget and does not include the \$15M plus budget for research, which is externally restricted and mainly goes directly to the faculty member for research support (e.g., students, equipment). Further, looking at the operating budget, a large portion of the grant refers to ministry funding based on enrolments. A large portion of this goes to hire faculty who both teach and conduct research. Finally,

looking at the grant increase, almost all of this is directed to specific projects such as Brilliant Catalyst bringing in a large agreement.

We hear you on the need to invest more in research. Our budget presentations may not always be clear as research overheads are not listed line by line or how they are allocated. We will try to enhance our description on this with the budget paper.

**Should there not be an ask for big data storage requirements that will come along with Tri-Council Research Data Management compliance? I'm worried about this gap.**

We have created a taskforce to investigate this and the Research Board is creating a strategy. While we await this report, we are investing in safeguarding research, including a new manager position.

**Can you elaborate on how government grants are shifting?**

The government will shift the number of enrolment grants to more performance funding. Not increasing the dollar amount, just shifting to performance funding. The only way to increase funding from the government will be when we negotiate during the SMA4 process.

**Investment re: Sticky Campus. The Ontario Tech Student Union has heard complaints from students about this, such as the hours of the cafeteria. Some classes go until 9 p.m. but the cafeteria closes at 4 p.m. Will this change?**

Our goal for ancillary services is to make a little profit so we can save for future repairs/investments. While the cafeteria has lost money throughout the pandemic, our goal is to always break even. We had plans to keep the cafeteria open later, but we are working on staffing issues. We have worked on having more food options, which includes vending machines that offer better food choices. Our goal is to have this in place for September 2023.

**Campus Childcare was an important feature of our university. Budgets signal institutional priorities, so investment in childcare would indicate that the university is prioritizing an equity-deserving group, not leaving them to struggle with systemic barriers. Budgets signal institutional priorities, so investment in childcare would indicate that the university is prioritizing an equity-deserving group, not leaving them to struggle with systemic barriers. Is daycare a priority for employees and students at both campus locations?**

We hear the concerns for quality child-care services. While the Campus Childcare Centre was a separate entity to the university, we supported it financially. After years of trying to make it sustainable, factors outside of the units control showed this was not possible. The university worked with the landlord and a new provider replaced this space.

While this was not our operation, we did receive feedback that few Ontario Tech employees and fewer students (one during the last two years) used the space. Access to childcare is still a priority, however financially supporting a centre is not viable. We do not wish to take funds from the classroom and research to try and operate something that others other can do better. We continue to look for preferred partners for our campus community.

**I have been experiencing technical difficulties in the classrooms due to system disruption cables being disconnected or damaged equipment. While the AV team provides support quickly throughout the year, troubleshooting and waiting for replacement parts takes away from lecture time. I've been told that classrooms are often used for leisure over the weekends. Can the university monitor how these rooms are used as well as ways to prevent the system from being disrupted so that lecture time is not affected?**



We will reconsider how open our rooms are. This is a fine balance as students are asking for more space “to stick around.” We will try to educate more on proper use of space. We are also starting a multi-year replacement of podiums to make them more accessible and hope to solve some of the wiring concerns.

In a different session we heard a concern with classroom technology such as microphones not working at the start of the term. These were inspected during the first week of classes and all were working. We will continue to monitor current staffing costs while providing the service required such that instructional time is not impacted.

**For the year 2023-2024, do you anticipate that some departments will require layoffs to keep expenses relatively flat?**

No, the first \$12M of the budget covers labour, including increases in some cases.

**You are asking that units cover inflationary costs and contract increases through the reallocation of existing budget dollars. Is the assumption that each unit must reduce operating expenses and capital expenses to maintain the same costs in 2023-2024 as 2022-2023?**

Not necessarily, we note the current risk is that we did not automatically include these into the budget. Units will have to ask for inflationary/contract increases. Noting we do not have much, we are asking who can do it within their budget.

**How do we think about physical space capacity, and capacity by department (is it the 31:1 ratio – is that the key metric)? This question is in context of current growth projections, and the aspiration to be a 20,000-student university. Do we have the infrastructure to support 20,000 students and is this aspiration built into the infrastructure plans?**

Yes, this aspiration drives the infrastructure plans. The university has created its space principles based on the Council of Ontario Universities’(COU) standards that may be seen as a target to be achieved, a minimum to be met, a maximum not to be exceeded, an optimum to strive for, or a guideline to be used as a benchmark. We are currently at approximately 70% of the COU standards for our program mix. As part of the Framework and Action Plan for Growing Ontario Tech University and Downtown Oshawa (2011) and the Campus Master Plan (CMP, 2015), a goal of 5.1 NASM/FTE for teaching, research and learning support was established. It is not aspirational but rather an efficient target, considering the university’s STEM focus, which requires more expansive use of space than other disciplines. With the building and occupancy of the Software and Informatics Research Centre (SIRC) in 2017 and the Shawenjigewining Hall in 2021, our ratio is currently 4.63 NASM/FTE or 90% of our goal.

We do not currently have the infrastructure to support this growth. When we talk about saving more than \$3M for deferred maintenance and future capital plans, this covers about a third of our medium-term needs.

# 2023-26 Draft Operating Budget:

## Audit & Finance Committee

April 12, 2023

Lori Livingston, Provost and Vice-President, Academic  
Sarah Cantrell, AVP Planning and Strategic Analysis  
Brad Maclsaac, Vice-President Administration



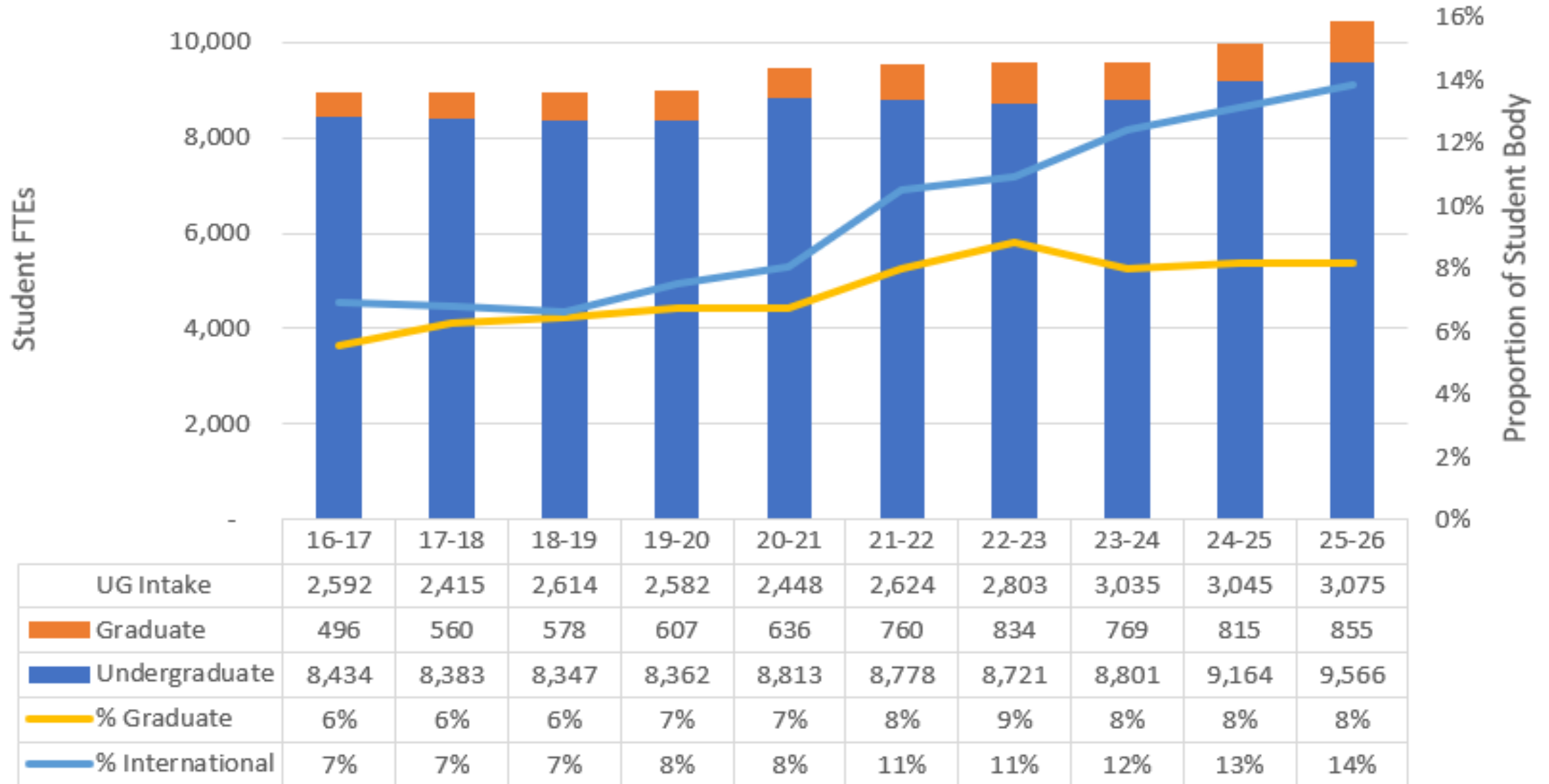
# Budget Accounting Summary

- Consolidated operating budget is prepared on a “modified-cash” basis, v/s the year-end published financial statements that are prepared on a GAAP (Generally Accepted Accounting Principles) basis and include items not in the budget, e.g.
  - amortization on capital assets and grants
  - externally funded research revenues and expenses (i.e. \$15.1M of acquired research funds and \$2.7M in donations).
  
- **MOTION:** Pursuant to the recommendation of management, that the Audit and Finance Committee recommends to the Board of Governors approval of the 2023-2024 budget and approval in principle of the budgetary projections for 2024-2025 and 2025-2026.

# It's about finding the Balance

- Balancing the Budget
- Balancing multiple competing priorities
- Balancing the stories

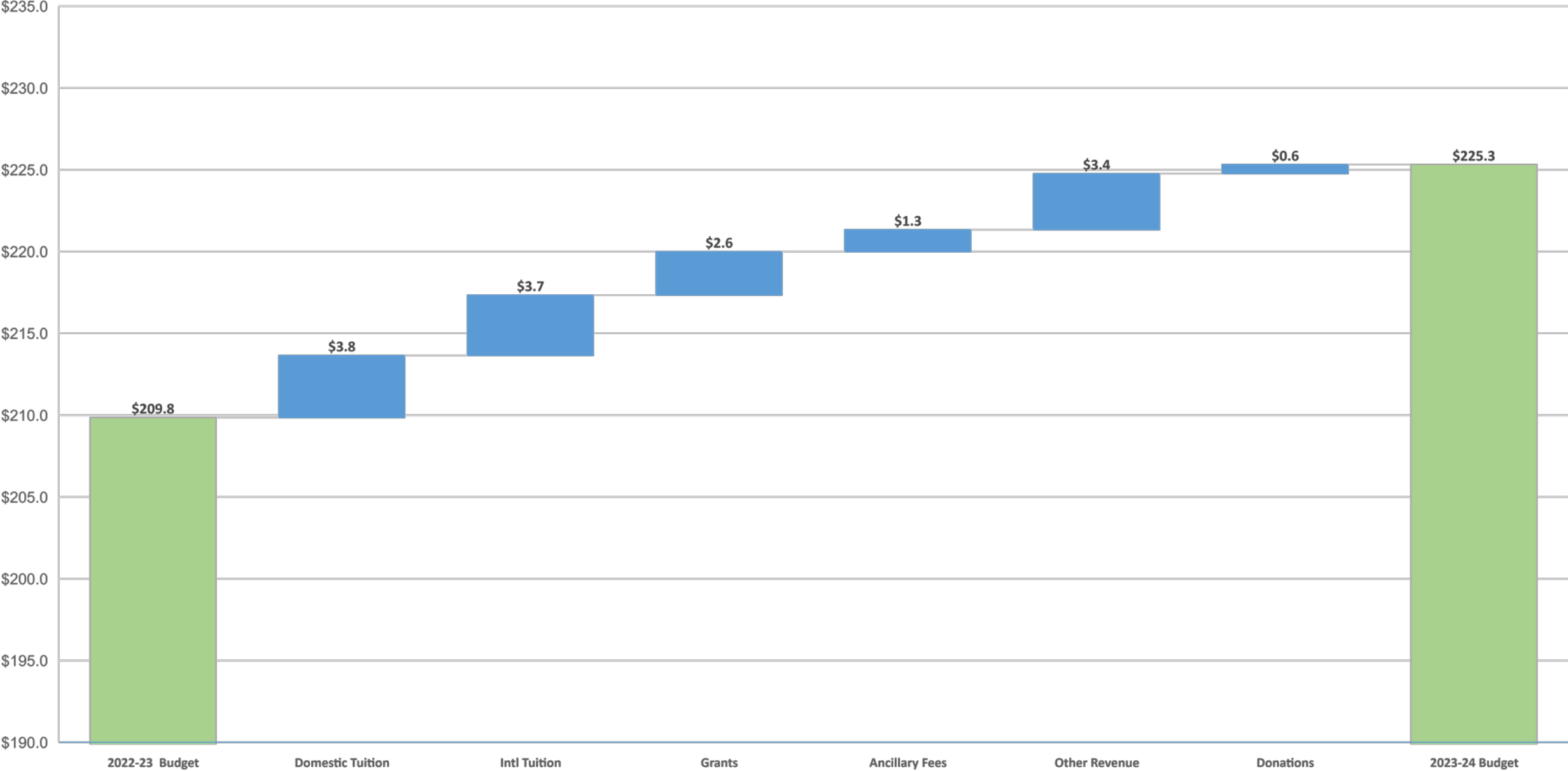
# Forecasted Student Enrolment



# 2023 – 2024 Budget Summary

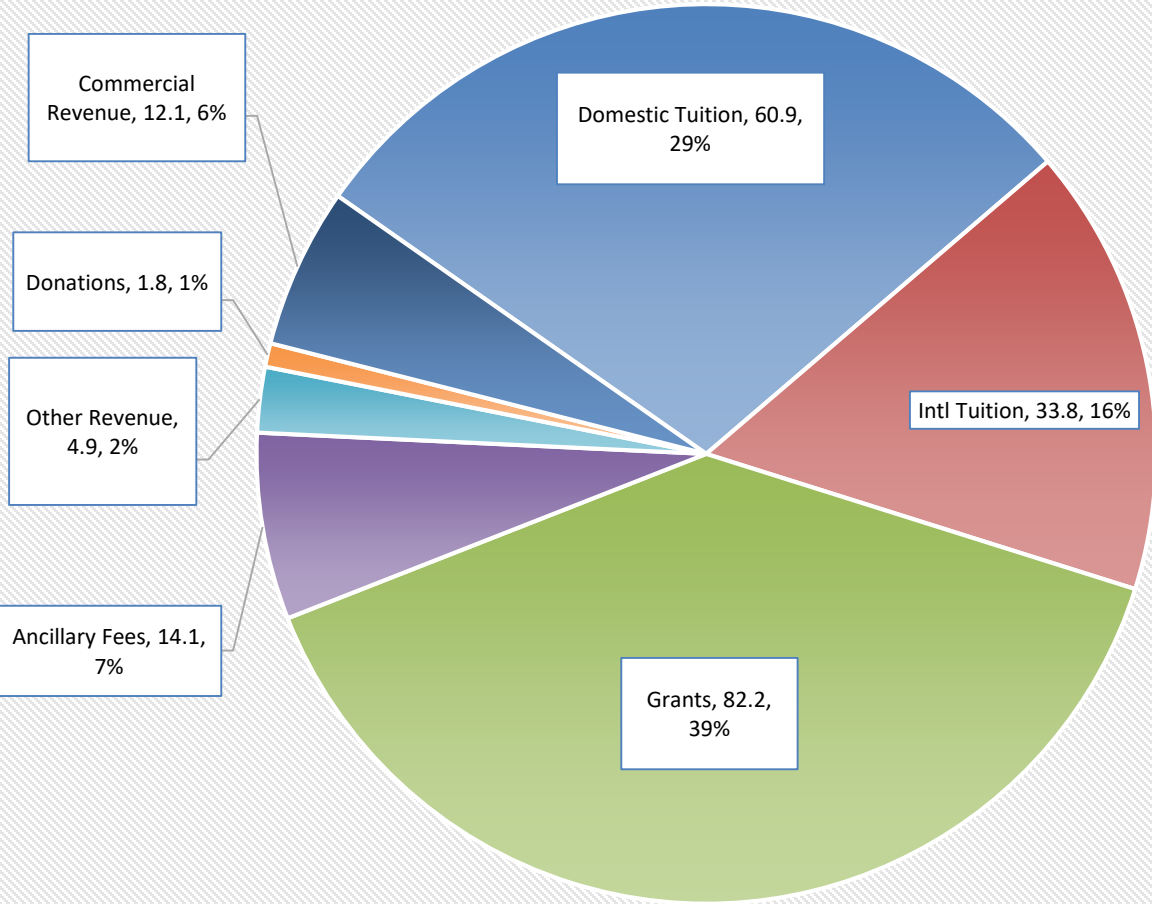
	Operating Budget	Purchased Services	Operating-REV	Ancillary Fee Budget	Infrastructure Capital	Commercial Services	2023 - 24 Proposed Budget	2022 - 23 Approved Budget	Variance
<b>Revenues</b>									
Operating Grants	60,547	-	-	-	13,500	-	74,047	74,517	(470)
Other Grants	5,755	-	2,854	221	1,999	-	10,829	7,710	3,119
Tuition	93,175	-	8,584	450	-	-	102,209	94,719	7,490
Student Ancillary Fees	1,473	1,380	110	10,635	1,827	-	15,424	14,081	1,343
Donations	24	-	2,190	122	-	2	2,338	1,784	553
Other Revenue	4,516	185	9,725	114	-	5,930	20,469	17,035	3,434
<b>Total Operating Revenues</b>	<b>\$ 165,489</b>	<b>\$ 1,565</b>	<b>\$ 23,462</b>	<b>\$ 11,542</b>	<b>\$ 17,326</b>	<b>\$ 5,932</b>	<b>\$ 225,315</b>	<b>\$ 209,847</b>	<b>\$ 15,468</b>
<b>Base Expenditures</b>									
FT Labour	(99,366)	(6,730)	(4,889)	(5,875)	-	(1,215)	(118,075)	(115,326)	(2,749)
PT Labour	(11,447)	(211)	(4,338)	(1,265)	-	(293)	(17,554)	(16,697)	(857)
OPEX	(27,624)	(7,213)	(13,888)	(2,253)	(16,501)	(3,946)	(71,424)	(70,896)	(528)
CAPITAL	(104)	-	(9)	(113)	(3,826)	-	(4,051)	(2,977)	(1,074)
<b>Approved Base Expenditures</b>	<b>(138,541)</b>	<b>(14,154)</b>	<b>(23,123)</b>	<b>(9,506)</b>	<b>(20,327)</b>	<b>(5,454)</b>	<b>(211,105)</b>	<b>(205,896)</b>	<b>(5,209)</b>
Base Asks	(5,769)	(825)	(501)	(487)	-	80	(7,501)	-	(7,501)
OTO Asks	(5,768)	-	(359)	(2,092)	-	(13)	(8,232)	(1,818)	(6,413)
Capital OTO Asks	(390)	(250)	(163)	(573)	-	-	(1,376)	(6,784)	5,408
OTO Savings	842	40	-	(15)	-	-	867	922	(55)
<b>Total Net New Asks</b>	<b>(11,085)</b>	<b>(1,036)</b>	<b>(1,022)</b>	<b>(3,167)</b>	<b>-</b>	<b>68</b>	<b>(16,242)</b>	<b>(7,680)</b>	<b>(8,562)</b>
<b>Total Expenditures</b>	<b>\$ (149,626)</b>	<b>\$ (15,190)</b>	<b>\$ (24,145)</b>	<b>\$ (12,673)</b>	<b>\$ (20,327)</b>	<b>\$ (5,386)</b>	<b>\$ (227,346)</b>	<b>\$ (213,576)</b>	<b>\$ (13,770)</b>
<b>Total CY Budget Surplus/(Deficit)</b>	<b>15,863</b>	<b>(13,625)</b>	<b>(683)</b>	<b>(1,131)</b>	<b>(3,001)</b>	<b>545</b>	<b>(2,031)</b>	<b>(3,729)</b>	<b>1,698</b>
Funded through PY restricted reserves	750	-	-	1,281	-	-	2,031	4,782	(2,751)
<b>Total Budget Surplus/(Deficit)</b>	<b>\$ 16,613</b>	<b>\$ (13,625)</b>	<b>\$ (683)</b>	<b>\$ 150</b>	<b>\$ (3,001)</b>	<b>\$ 545</b>	<b>\$ -</b>	<b>\$ 1,053</b>	<b>\$ (1,053)</b>

# Total Revenue (\$M) Trending: FY22-23 v FY23-24



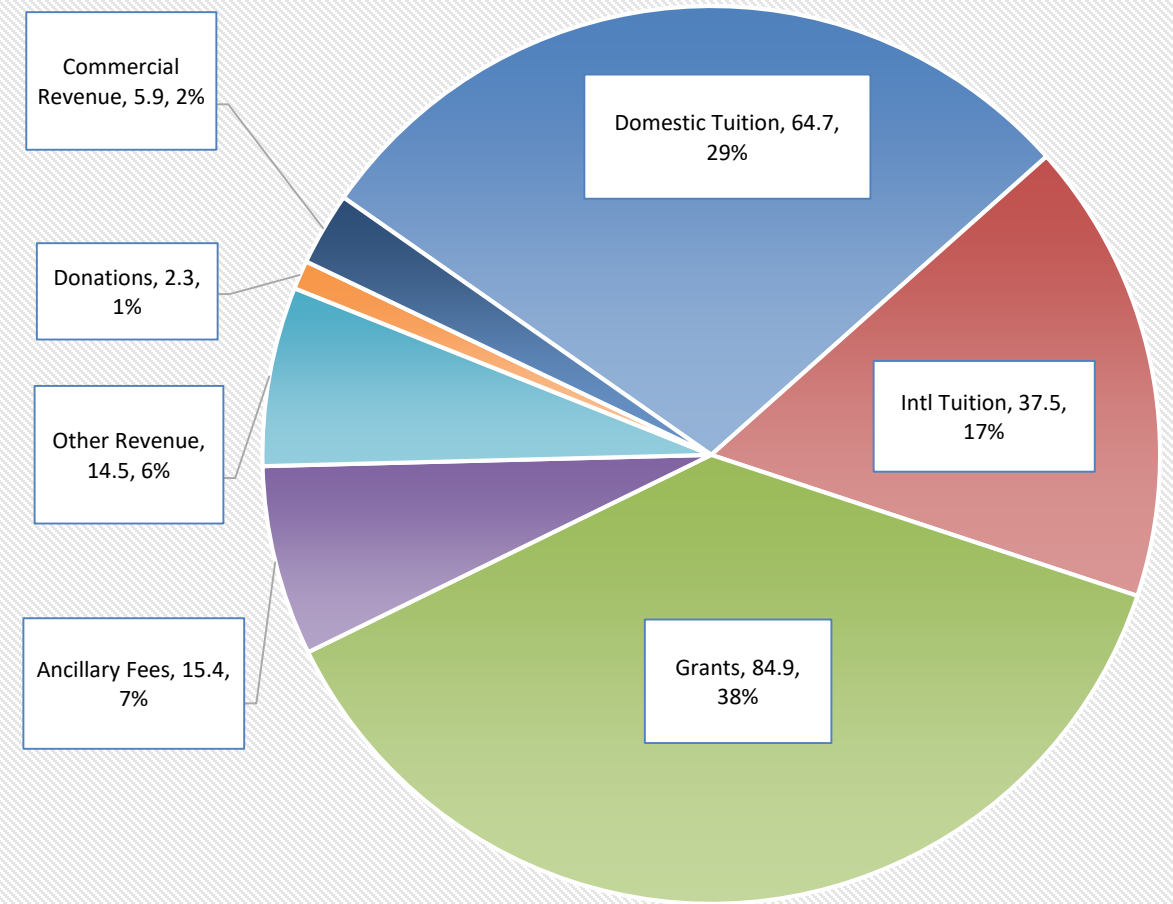
# Revenue Summary

Operating Revenue (\$M) by Source 2022-23 Budget



Total 22/23 Revenue: \$209.9M

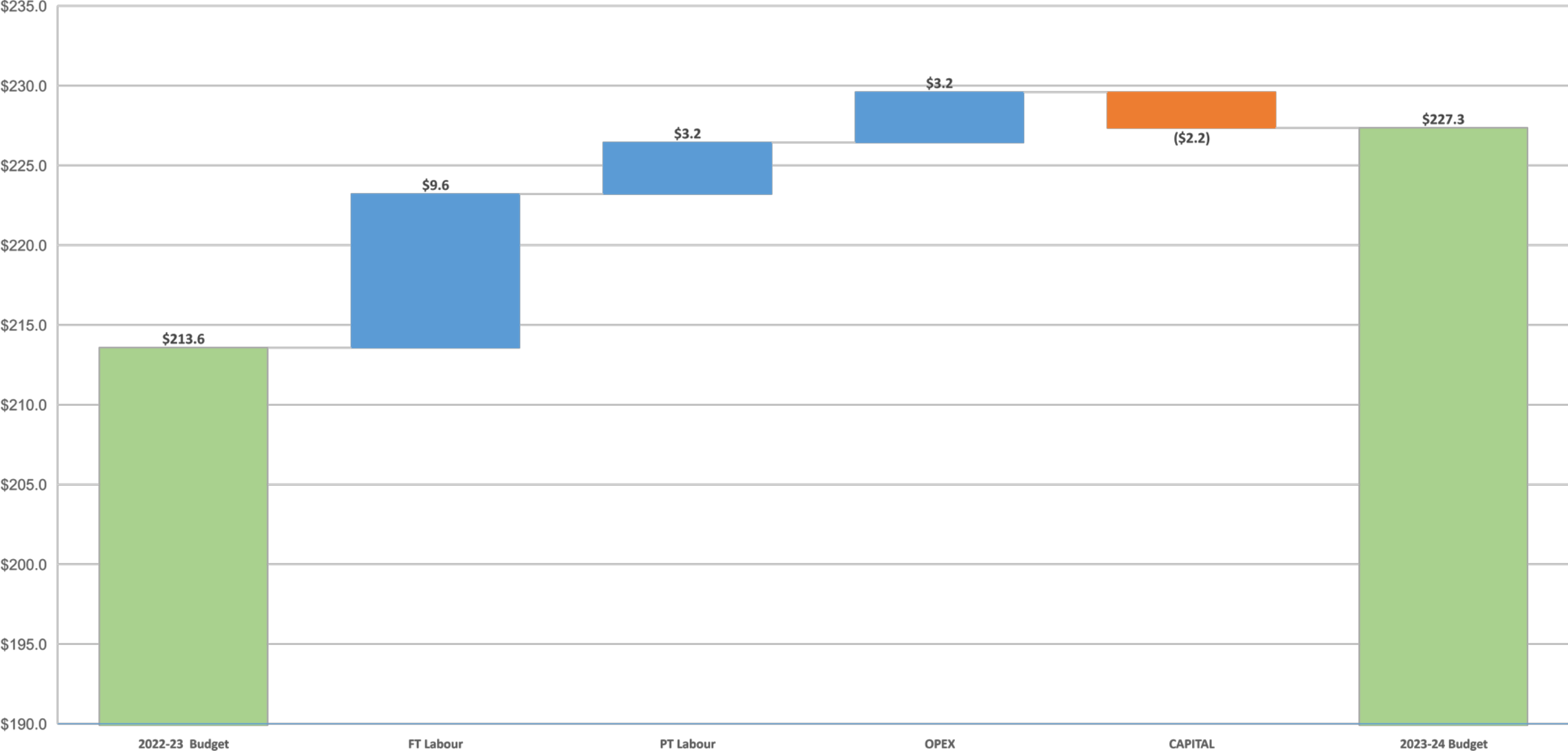
Operating Revenue (\$M) by Source 2023-24 Budget



Total 23/24 Revenue: \$225.3M

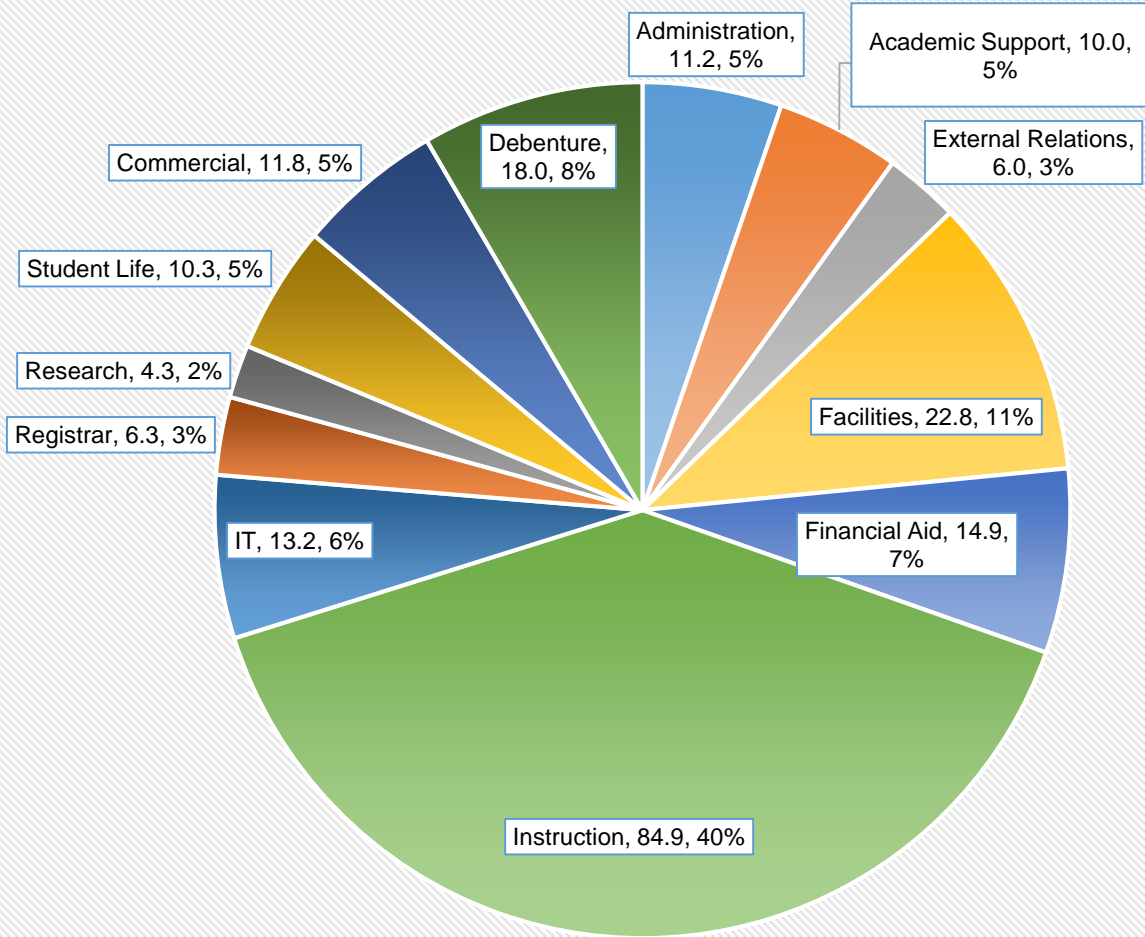


# Total Expense (\$M) Trending: FY22-23 v FY23-24



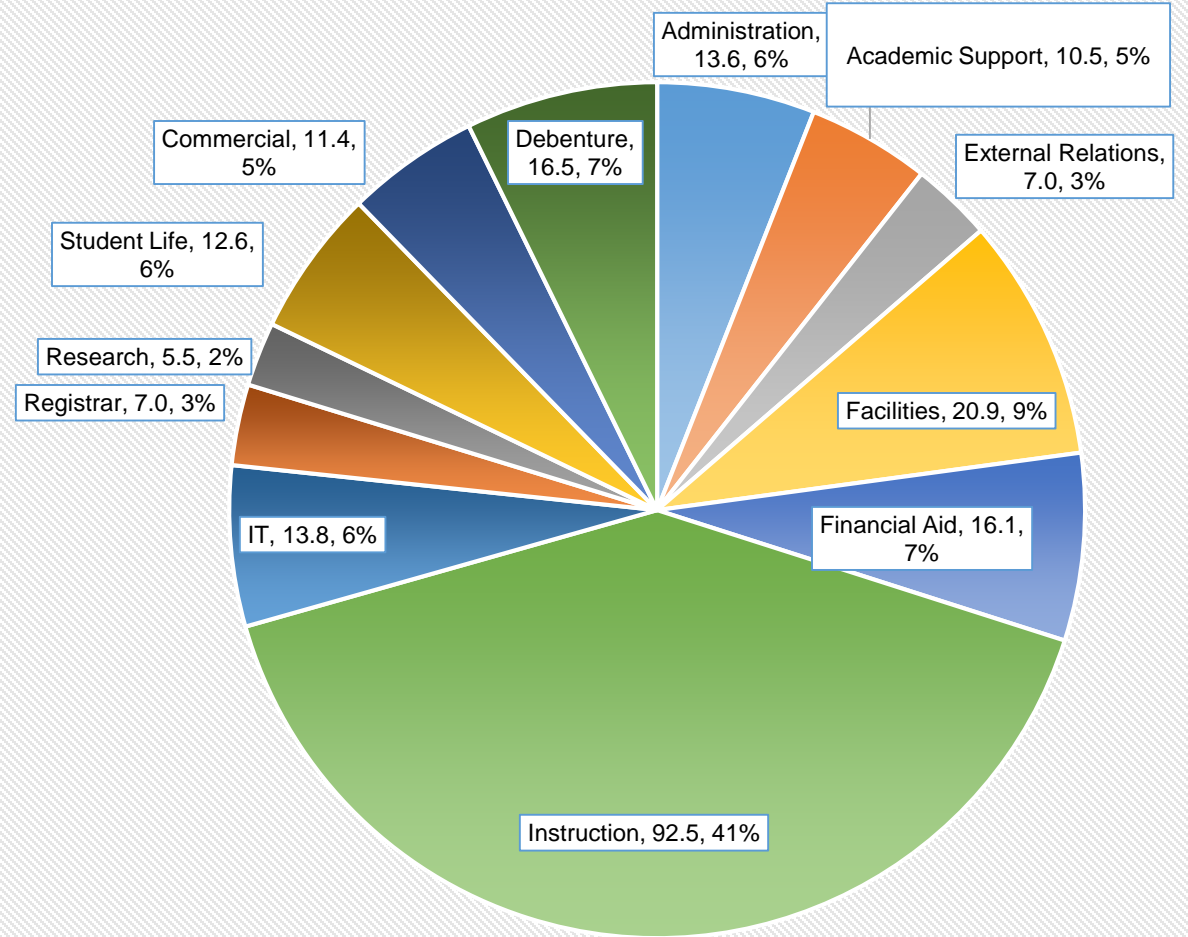
# Total Operating Expenses by Functional Area

Operating Expense by Functional Area 2022-23 Budget



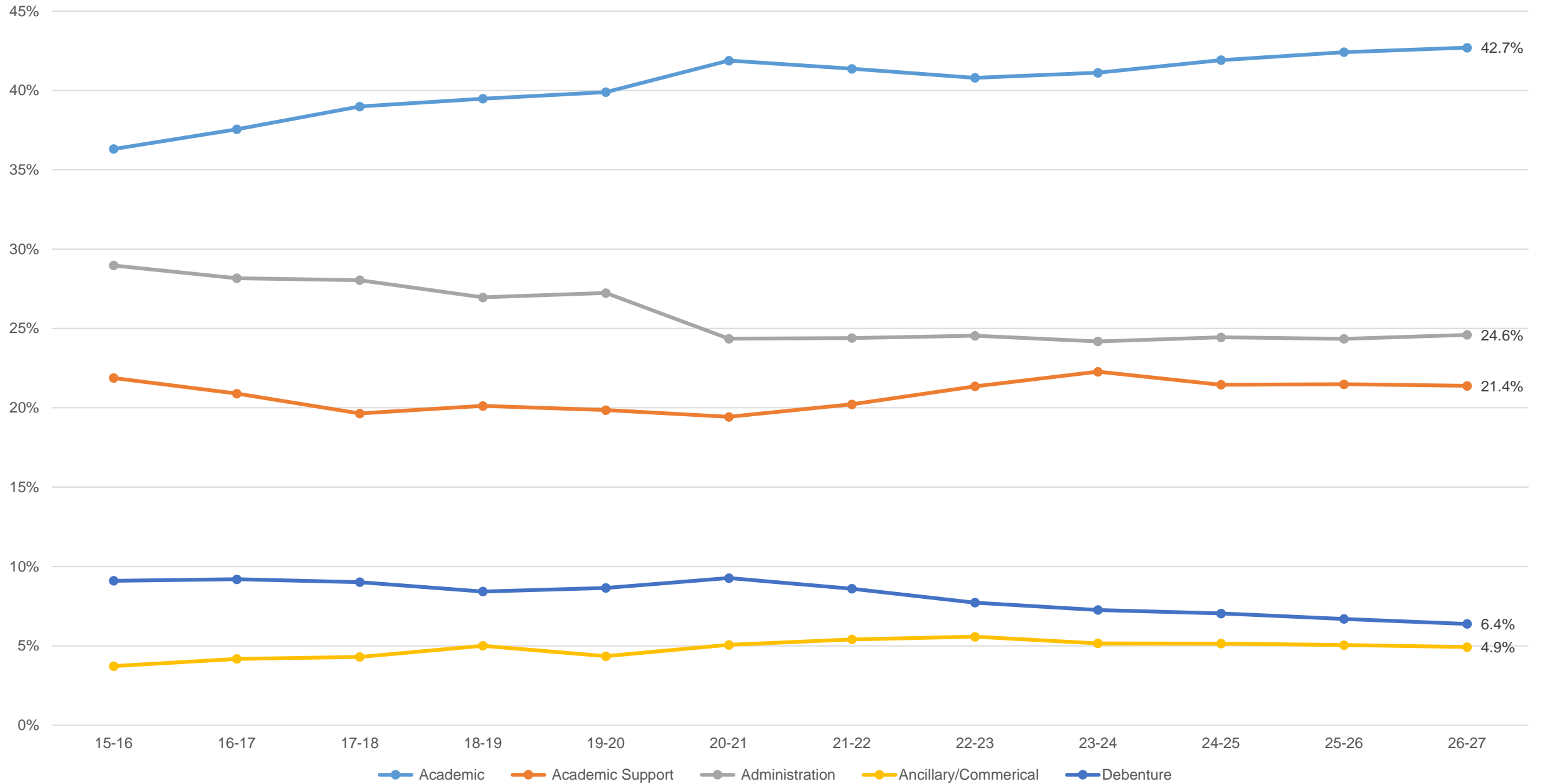
Total 22/23 Expenses: \$213.6M

Operating Expense by Functional Area 2023-24 Budget



Total 22/23 Expenses: \$227.3M

% of Total Budgeted Expenses by Functional Area



# Examples of Investments by Strategic Priority

## **Learning Re-imagined/Tech with a Conscience**

- **\$8.1M for Innovative Programming:**
- **\$4.5M for Differentiated Technology and Physical Space:**

## **Sticky Campus/Learning Re-imagined**

- **\$1.2M for Student-Centric University:**
- **\$1.0M for Commitment to Mental Health and EDI Initiatives:**
- **\$1.1 for Strategic Enrolment Management and Branding:**

## **Partnerships**

- **\$2M for Building Community/Partnerships to Support Learning and Opportunities and Discoveries through Research:**

# Multi-year Budget 2023 - 2026

	Budget	Budget	Budget	Budget	Budget
	2021-22	2022-23	2023-24	2024-25	2025-26
<i>FTEs</i>	<b>9,016</b>	<b>9,389</b>	<b>9,491</b>	<b>9,979</b>	<b>10,420</b>
<b>Domestic Tuition</b>	61,390	60,875	64,670	67,517	70,185
<b>Intl Tuition</b>	21,561	33,844	37,539	44,515	51,086
<b>Grants</b>	80,972	82,227	84,876	85,365	85,789
<b>Ancillary Fees</b>	12,305	14,081	15,424	16,309	17,371
<b>Other Revenue</b>	4,945	4,940	14,539	14,025	14,586
<b>Donations</b>	960	1,784	2,336	2,359	2,383
<b>Commercial Revenue</b>	8,870	12,095	5,932	6,169	6,416
<b>Total Revenue</b>	<b>\$ 191,003</b>	<b>\$ 209,847</b>	<b>\$ 225,315</b>	<b>\$ 236,258</b>	<b>\$ 247,814</b>
<b>FT Labour</b>	105,747	113,301	122,938	133,923	142,917
<b>PT Labour</b>	16,603	18,766	21,995	19,880	21,189
<b>OPEX</b>	64,943	71,749	74,902	76,941	78,247
<b>CAPITAL</b>	4,609	9,761	7,512	5,572	6,592
<b>Total Expenses</b>	<b>\$ 191,903</b>	<b>\$ 213,576</b>	<b>\$ 227,346</b>	<b>\$ 236,316</b>	<b>\$ 248,945</b>
<i>PY Reserve Utilization</i>	900	4,782	2,031	-	-
<b>Net Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ 1,053</b>	<b>\$ -</b>	<b>\$ (58)</b>	<b>\$ (1,131)</b>

# Budget Risk/ Risk Mitigation

- The annual risk registry outlines 12 strategic risks and 9 high level risks. When looking at the 2023-2024 budget a few highlights are:
  - **Stakeholder Relations – students. Uncertainty in achieving enrolment target**
  - **University community relations, campus experience, and culture**
  - **Stakeholder Relations – external**
  - **Physical/virtual infrastructure**
  - **Disruption from within the PSE sector**

# MOTION

Based on a forecast using the best available information, and in line with A&F's direction to use a multi-year budget to enhance financial reporting controls, the following motion is proposed:

Pursuant to the recommendation of management, that the Audit and Finance Committee recommends to the Board of Governors approval of the 2023-2024 budget and approval in principle of the budgetary projections for 2024-2025 and 2025-2026.

Questions??





## COMMITTEE/BOARD REPORT

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**SESSION:**

Public   
Non-Public

**ACTION REQUESTED:**

Decision   
Discussion/Direction   
Information

**TO:** Audit and Finance Committee

**DATE:** April 12, 2023

**PRESENTED BY:** Sarah Cantrell, AVP Planning and Strategic Analysis

**SUBJECT:** 2023-24 Tuition Fees – Tuition Anomaly

---

**BACKGROUND/CONTEXT & RATIONALE:**

At its March 9, 2023 meeting, the Board approved the University’s proposed 2023 Tuition Fees. As part of the proposal, it was noted that “the current fees are compliant with the existing tuition fee framework, and are being used for planning purposes. When a new tuition fee framework is released, the University will use any flexibility, if provided, to adjust undergraduate tuition fees at that time.”

The Ministry of Colleges and Universities (MCU) released the tuition fee framework for 2023-24 and has continued the in-province domestic student tuition fee freeze. The flexibility the tuition fee framework provided was an increase of up to 5% for out-of-province tuition (already submitted and approved by the Board), and an opportunity for universities to apply for Tuition Anomaly adjustments for up to three programs for incoming/new domestic students if the university’s tuition fee is at least 10% lower than the sector average for the same program. The intent of the Tuition Anomaly proposals was to allow those universities who were frozen at lower tuitions an opportunity to adjust their tuition fees closer to the sector average over a multi-year period.

The University submitted a proposal for Tuition Anomaly adjustments to the MCU for three undergraduate programs that meet the Ministry’s criteria: Computer Science (-29.6% below sector comparators average), Engineering (-17.45% below sector comparators average) and Commerce (-33% below sector comparators average). For all three programs the University has requested a 7.5% increase to current tuition levels, the maximum increase allowable under the framework for 2023-24. Ministry decisions on the sector proposals are expected by the end of April.

We are submitting the proposal to A&F Committee now in order for the updated fees to be posted in our system, pending MCU approval, prior to student’s enrolling for the fall 2023. We are requesting A&F approve “up to” the annual maximum proposed to allow management to

reduce should MCU deny, or approve a lower increase. The university will align the fees to what the Ministry approves for incoming students in those three program areas. For any approved increases for 2024-25 and beyond, they will be included as part to the annual tuition fee approval process to the Board.

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**RESOURCES REQUIRED:**

N/A

**IMPLICATIONS:**

The rates proposed in this document have been made to remain compliant with the provincial government's tuition fee framework. Revenue projections from the proposed 2023-24 tuition anomaly adjustments have not been included in the Budget projections. The projected additional revenue if approved by the Ministry is ~\$644,000 for 2023-24. Additional revenues would be used for student financial supports, additional instructional costs and laboratory upgrades.

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

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

**ALTERNATIVES CONSIDERED:**

The fees presented below bring Ontario Tech fee levels closer to the average of competing programs in the sector.

**CONSULTATION:**

These rates were presented to deans and Academic Council.

**COMPLIANCE WITH POLICY/LEGISLATION:**

The current fees are in compliance with MCU's tuition fee framework.

**NEXT STEPS:**

Update tuition within Ontario Tech's student information system and website pending MCU approval.

**MOTION FOR CONSIDERATION:**

*That the Audit & Finance Committee hereby approves the 2023-2024 Tuition Anomaly proposal to increase tuition fees in Computer Science, Engineering and Commerce for new/incoming domestic students up to the maximum 7.5% increase.*

---

**SUPPORTING REFERENCE MATERIALS:**

- Appendix 1: Recommendations for Ontario Tech 2023-24 Tuition Fee Anomalies

## **Appendix 1: Recommendations for Ontario Tech 2023-2024 Tuition Fee Anomalies**

### **Undergraduate Domestic**

	2022-2023	2023-2024	2023-24 Increase
<b>BCom</b>			
First Year	\$8,088.28	\$8,694.90	7.5%
<b>BEng, BEng &amp; Mgmt</b>			
First Year	\$9,390.18	\$10,094.44	7.5%
<b>BSc Comp Sci, Integrated Math &amp; Comp Sci</b>			
First Year	\$6,339.90	\$6,815.39	7.5%

## COMMITTEE REPORT

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**SESSION:**

**Public**   
**Non-Public**

**ACTION REQUESTED:**

**Decision**   
**Discussion/Direction**   
**Information**

**TO:** **Audit & Finance Committee**

**DATE:** **April 12, 2023**

**PRESENTED BY:** **Brad Maclsaac, Vice-President Finance**  
**Sarah Cantrell, AVP Planning and Strategic Analysis**

**SUBJECT:** **2023-24 Internship/Co-operative Education Fees**

---

**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 2023-24 Internship/Co-operative education fee structure for approval by the Board of Governors.

**BACKGROUND/CONTEXT & RATIONALE:**

During the 2022-23 year the Provost and Deputy Provost engaged external consultants to work with Faculties and units at the university to come up with recommendations on a sustainable, scalable framework that would support the University’s rapid co-operative and experiential education program expansion. One of the foundational recommendations was to review the current fee structure for internship/co-operative education to ensure consistency and equivalence with other Ontario universities and to develop a financial model to support the expansion of co-op programs based on enrolment, co-op revenues and program expenses.

Analysis on other university co-operative fees (the fee charged in addition to tuition for co-operative programs) showed that the total amount charged to students ranged from \$3400 to \$3700 in the province. Although how the fee was distributed over the course of the degree varied, the total amount charged to co-operative students was similar. For example, universities used a combination of an annual or per term administrative fee for all co-op students who were not on a work-term, and an increased work term rate. Ontario tech co-op fees differ from other programs in two ways. First, the university has the lowest overall total co-op fee in the system of \$1910, and second, the co-op fee is only charged when students are on their work term.

To support scaling the infrastructure required for the co-operative education expansion, the university needs to bring the co-operative fee to the level of its peers within the province as well

as adjust how to apply the fee over the course of the student's degree program to cover the upfront costs of the co-op program infrastructure.

The university is proposing to increase the total internship/co-operative education fees for students to \$3,600 effective Fall 2023. The fee would be collected through a co-operative education administration fee for non-work terms ("co-op program fee") as well as a co-operative education work term fee ("co-op work term fee") over the course of their degree program.

For continuing students in a co-op program, the co-operative education fee will be pro-rated according to their year standing and the amount they have already paid for their work terms. Year 2 students who have not been on a work term will pay the new fee over the course of their program. Year 3 and 4 students will pay the new fee but be credited for all internship/co-operative education fees paid to date. Students currently on an internship will pay the existing fee. Any student commencing an internship in Fall 2023 or later will be charged the new fee of \$3,600 or a prorated portion thereof based on the length of the internship.

**IMPLICATIONS:**

New fee level will provide the resources required to build and scale the institutional co-op infrastructure (e.g. provision of placement services and work term activity, including additional required spaces) to support the growing number of coop programs and incoming students, and to provide students and employers with enhanced experiences (e.g. expanded events, preparation/information sessions and stakeholder relationship management).

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

The fees recommended will allow Ontario Tech to scale the co-operative education supports to manage the increase in co-op program enrolments and provide excellent experiential learning and student support services.

**ALTERNATIVES CONSIDERED:**

Changing the fee structure to align to Ontario university co-operative programs was an immediate term recommendation coming out of the review by consultants.

**CONSULTATION:**

Deans, Student Life staff, OTSU and Registrar's Office were consulted as part of review process for input and feedback.

**COMPLIANCE WITH POLICY/LEGISLATION:**

The increases are compliant with Tuition Fee framework and Ontario Tech's ancillary fee protocol.

**MOTION FOR CONSIDERATION:**

*That the Audit and Finance Committee hereby recommends an increase to the current internship/co-operative education fee to \$3,600 for Fall 2023 as presented, for approval by the Board of Governors.*

**Example of revised co-op fee charges over the course of a degree. Note fees charged may vary by term, but overall charge of \$3600 will not change (does not include tuition fee charges).**

Year	Term	Current Policy	Proposed Policy
1	Fall		\$150
	Winter		\$150
	Spring/Summer		\$150
2	Fall		\$150
	Winter		\$150
	Spring/Summer	\$636.72	\$650
3	Fall		\$150
	Winter	\$636.72	\$650
	Spring/Summer	\$636.72	\$650
4	Fall		\$150
	Winter		\$150
	Spring/Summer		\$150
5	Fall		\$150
	Winter		\$150
	Spring/Summer		
<b>Total Fees</b>		<b>\$1,910.16</b>	<b>\$3,600</b>

**Note: For internship students, they will be charged the total fee when they start their internship period of 12-16 months.**

## COMMITTEE REPORT

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**SESSION:**

Public   
Non-Public

**ACTION REQUESTED:**

Decision   
Discussion/Direction   
Information

**TO:** Audit & Finance Committee

**DATE:** April 12, 2023

**PRESENTED BY:** Brad Maclsaac, VP Administration

**SUBJECT:** Annual Endowment Disbursement

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**COMMITTEE MANDATE:**

The Audit and Finance Committee is responsible for overseeing the financial affairs of the University with respect to all auditing, financial reporting and system controls, budget approval and investment of the university's endowment funds to ensure that appropriate financial controls, reporting processes and accountabilities are in place at the University.

As outlined in the Endowment Management Policy and Procedures, approval of the disbursements is to be recommended by Audit and Finance and Strategy and Planning Committee to the Board of Governors.

This memo is to seek A&F's recommendation of a maximum spending level from the Endowment portfolio for fiscal year 2023-2024.

**BACKGROUND/CONTEXT & RATIONALE:**

This report will highlight earnings, disbursements, and the net position of the Endowment fund.

Endowments typically accumulate assets and disperse income to beneficiaries over extended periods of time. Ontario Tech's Endowment consists of funds, largely donations secured through Advancement, which are set aside permanently with a portion of investment returns used to support specific student awards as directed by the Donor. Part of Ontario Tech's endowment philosophy includes 'capital preservation' (i.e. adjusting the capital value by inflation) so as to preserve the purchasing power of the awards. Effective oversight requires facing the contradictory goals of maintaining a target spending rate and preserving the real value of the fund while operating in an environment of unpredictable shifts in markets.

In general, donor agreements set out an expectation of up to 4% disbursement of the inflation adjusted principal (original donation). Increases in donor awards are in discrete increments, and vary by award. Ontario Tech assumes the long term sustainability is supported by establishing a disbursement rate of approximately 3-5% based on a variety of reports (i.e. Morneau Shepell's Funding Sustainability [report.](#))

Over time, the value of the portfolio has experienced significant growth. A summary of the current portfolio cumulative balances (as at March 31) are as follows (all numbers in 000's):

Endowed balance as at March 31 ('000s)		2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Proposed
Donations (Principal Value)	A	17,892	18,616	19,158	19,768	20,378
Realized Income (ii)	B	8,959	9,760	10,608	11,463	12,302
Awards disbursed	C	(3,420)	(4,131)	(4,849)	(5,361)	(5,948)
<b>Total adjusted cost base</b>	<b>D=A+B+C</b>	<b>23,431</b>	<b>24,245</b>	<b>24,916</b>	<b>25,870</b>	<b>26,733</b>
<b>Market Value</b>	<b>E</b>	<b>26,020</b>	<b>31,771</b>	<b>33,123</b>	<b>32,992</b>	
<b>Unrealised Gains (iii)</b>	<b>F=E-D</b>	<b>2,589</b>	<b>7,526</b>	<b>8,206</b>	<b>7,123</b>	

#### Key facts:

- i. There are currently 134 specific endowed funds.
- ii. Realized income net of fees (i.e. interest, dividends, realized gains) has averaged 4.4% since 2004
- iii. With the deterioration of both the bond and equity markets in the last 12 months, total adjusted unrealized gains on the endowment fund have decreased over the last year and are projected to be at \$7.1M at the end of fiscal year 2022-2023.

Disbursement amounts and number of awards have been as follows:

Disbursement Year	No of awards disbursed	Amount (\$'000's)	Distrib. % <sup>1</sup>
2018	261	\$475	3.0%
2019	309	\$617	3.7%
2020	277	\$493	2.7%
2021	409	\$711	3.8%
2022	409	\$700	3.5%
2023 Forecast	411	\$710 <sup>2</sup>	3.5%
2024 Proposed	455	\$750 <sup>2</sup>	3.3%

<sup>1</sup> Presents distributions as a percentage of inflation adjusted donations

<sup>2</sup> Due to the higher level of capital preservation in 2022/23, some of the newer endowment funds have not generated sufficient investment income and capital gains to support the endowed disbursements. The disbursements for these Funds are being partially funded by unrestricted expendable sources (\$200k in 2022/23 and \$279k in 2023/24).



## **CONSULTATIONS:**

The university's Endowment Committee consists of representatives from Finance, Advancement and Financial Aid.

Due to increased donations and a stable portfolio, Ontario Tech has been able to increase disbursements over the last couple of years. In the current environment of high interest and inflation rates, the committee notes that it is even more critical than ever to continue to support students.

Based on a review of the portfolio performance, and allowing for a capital preservation of 3.0% (average inflation rates over the last 4 years), the Committee recommends a maximum disbursement of \$750k from the endowment fund which would allow support of 455 students whilst still preserving the capital of the fund.

The Committee continues to review the performance of the endowment fund, the impact of inflationary pressures and the ability of the University to continue to disburse awards to students in the future, including the disbursement of a portion of the unrealized gains on the fund. A review of the endowment policy and procedures is underway.

## **PROCESS/ NEXT STEPS:**

April 12, 2023 – Audit & Finance  
May 11, 2023 – Strategy & Planning  
June 28, 2023 - BoG

## **MOTION:**

*That the Audit and Finance Committee, in conjunction with Strategy and Planning Committee, hereby recommends that the Board of Governors approves the disbursement of up to \$720,000 from the University's endowed fund and unrestricted expendable sources for distribution by Financial Aid in 2023-24.*

## **SUPPORTING REFERENCE MATERIALS:**

N/A

## COMMITTEE 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 & Finance Committee

**DATE:** April 12, 2023

**FROM:** Brad MacIsaac, Vice President Administration

**SUBJECT:** Annual Risk and Insurance Report

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**COMMITTEE 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 approving the risk management process and ensuring appropriate mitigative actions are taken or planned in areas where material risk is identified.

**BACKGROUND/CONTEXT & RATIONALE:**

With a view to enabling Audit and Finance Committee to assess the University's progress, we are pleased to present the eighth Annual Report on University Risk Management (URM).

A risk culture is an operating environment in which risks are taken to advance the strategic, academic, and administrative goals of Ontario Tech. The University risk management program supports risk-taking by integrating analysis, planning, and risk mitigation into university decision-making processes. This report contains two documents.

1) The Annual Risk and Insurance Report 2022-2023: The attached will serve to remind members of the risk process for the university and outline the high and strategic risks the university is monitoring.

The Office of Risk Management spent time this past year engaging with external stakeholders in accordance with the June 2022 Board feedback. The purpose of the discussions was to mature the university risk IQ and reporting. The Report attached hereto demonstrates significant progress in risk reporting capabilities. The Senior Team have engaged in meaningful risk discussions surrounding the university risk appetite, compliance, auditing functionality, and cyber insurance strategies. All functional areas continue to work through their risk accountabilities. High and strategic risks are under continuous review as changes are made throughout the year to actions and controls. There are no extreme risks to review.

The objectives listed in the June 2022 annual report have been met. A few of the major accomplishment are:

- Risk “Fundamentals 101” training has been established;
- An initial risk dashboard has been developed;
- The risk and insurance website have been updated to include FAQ’s on the university’s insurance portfolio in relation to its members;
- The university successfully completed the first Table Top Exercise for Cyber Security, and was successful in procuring additional insurance coverage in January 2023.

The university’s 9 high risks are noted in the report with substantive mitigation strategies attached. While these risks remain high, adequate controls and supports are present within the institution. Overall, Risk Owners are, by definition, owning the responsibility of risk treatment through dedicated talks and action.

2) The Annual Accessibility Status Report 2022-2023: The Office of Risk Management and Accessibility Working Group recently completed the institution’s Annual Status Report for the reporting period of May 2022, through to April 2023. The Annual Status Report is a legislative requirement reporting on the institution’s progress as it relates to the Ontario Tech Multi-Year Accessibility Plan 2020-2025. Publishing of the report on the university’s public-facing website will happen in June 2023.

Notable accomplishments for this Annual Status Report period are the following:

- The Athletics and Recreation department awarded Parasport Ontario grant to run an adaptive sports program on campus for students;
- Supported the Durham Region 2023 Ontario Parasport Games: Ontario Tech University hosted the wheelchair basketball event at the Campus Recreation and Wellness Centre, served as the presenting sponsor for the seated volleyball event, and had significant volunteer presence at the Games;
- Communications & Marketing rolled out updates this past year to place a more aggressive accessibility monitoring that prompts users if there are issues that are WCAG AA related and to become compliant with the university’s Content Management System; and
- Convocation on Polonsky Commons featured full flooring and pathways to ensure accessibility for all individuals.

#### **NEXT STEPS:**

We continue to enhance and push the strategic and foundational risk planning forward. Senior Leadership is scheduled to spend time over the coming months reviewing the strategic risks to determine their adequacy. The Office of Risk Management will to continue forging ahead with mitigative strategies and treatment of compliance risk, establishing supportive tools and resources for Risk Leads.

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#### **Attachments:**

Annual Risk and Insurance Report 2022-2023  
Annual Accessibility Status Report 2022-2023



April 2023

# ANNUAL RISK MANAGEMENT AND INSURANCE REPORT

Prepared by:  
Brad MacIsaac - Chief Risk Officer  
Jackie Dupuis - Director of Risk Management  
April 12, 2023



## BACKGROUND

The University Risk Management (URM) framework was established in June 2014, underpinned by the institutional risk register developed and validated in partnership with all faculty and administrative units in 2017. The University's risk register is continuously reviewed with risk owners.

The 2022-23 year was a year of significant change for the university's risk management office in reporting, design, and structure. Change continues to present itself as a consistent measure of progress. In January 2023, after the annual review, 27 risk registers were consolidated into one master registry to simplify the university's risk data, and identify trends and opportunities for meaningful assessment. The master registry lists all risks that units put forward. Of the 296 risks put forward, 189 are institutional (cutting across numerous units). The risks were further consolidated into 56 (as seen in figure 4, the consolidated heat map), once duplicate entries were combined. There are 9 "high" risks identified, which will be expanded on in this report along with the 12 strategic risks.

To enhance the process a risk appetite governance structure was recommended and approved by SLT in March 2023 (Appendix A). The proposed structure threads the existing risk analysis measurement tool to the URM. This change to the risk management portfolio satisfies the recommendation received from the Auditor General in addition to complying with the URM policy.

## MEASURING UNIVERSITY RISK MANAGEMENT - PROCESS

The Board is charged with ensuring a proper process is in place for risk management. The annual report assists the Board in assessing the progress of the URM process. The university adopted the following six measures of progress as recommended by The Association of Governing Boards, in partnership with United Educators<sup>1</sup>:

**Measure 1:** The university demonstrates how the URM is sustained as a priority.

The Senior Team remains unified in managing risk and setting the appropriate 'tone at the top' by facilitating informed decision-making within their portfolios regarding foundational, strategic, and operational risks.

**Risk Management Committee:** The Risk Management Committee (RMC) oversees the integration and execution of the URM. Committee members are chosen based on their skill set and functional knowledge. The Risk Management [website](#) lists the RMC membership and composition.

**Dedicated Risk Management Office:** The university has a dedicated Director of Risk Management to oversee all URM activities, with the support of the VP of Administration. Risk Management is growing its resource capacity to include compliance and contract reviews. The work plan for these roles will involve benchmarking the current landscape using the university Risk Registers.

**Leveraging Risk Custodians Across the University:** The Office of Risk Management collaborates with other units to "train the trainer" on these fundamentals and create dedicated custodians of risk. Members spread across the university continue to demonstrate enhanced risk understanding and awareness. They have taken on some risk management-related training to support the university members within their unit/faculty.

**Measure 2:** Board verifies that URM is an essential objective for leadership.

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<sup>1</sup> From "A Wake-up Call: Enterprise Risk Management at Colleges and Universities Today", A Survey by the Association of Governing Boards of Universities and Colleges and United Educators, 2014, pp. 3 to 10

The President retains overall risk responsibility for the university, setting the 'tone at the top.' The VP of Administration is the assigned URM leadership.

**Measure 3:** The Board discusses top strategic and operational risks facing the University and understand how they are managed and monitored.

The Board has received regular progress updates through each A&F meeting. In summer 2022 a taskforce of the Board was created and recommended a new format to focus on a few key risks at each meeting with a larger risk report provided annually.

**Measure 4:** The A&F Committee includes risk management discussions in its work plan.

URM is part of the A&F Work Plan. Regular talks and reports are presented on risk management and insurance, as noted in the Board Memo.

**Measure 5:** The University engages the Board in training sessions on risk

In addition to the general discussions about risk, Board professional development sessions typically focus on the university's risk areas.

**Measure 6:** The Board assesses the URM and the success of the stated URM goals and objectives.

A&F receives an annual report, which aims to secure the Board's comment and direction on the URM process and progress.

This process is a continual loop as the risk management office reviews items daily while also keeping an eye on the annual report and longer term strategic direction. Risk is an inherent requirement – it is how we deal with it to advance the priorities.



## RISK SUMMARY

The risk register defines institutional risks into five categories: financial, operational, strategic, compliance, and reputational. Risks are then catalogued based on the calculated risk level within their area based on the risk appetite. Risks identified as strategic or with a high/ extreme calculated risk level are assigned to a member of the Senior Leadership Team for oversight. The ongoing assessment of risk includes reexamining the causes of risk, existing controls, the likelihood and consequence of the risks occurring, and the mitigation strategies in place. Categories are:

**Operational Risk** remains stable. The category contains the most items. The university underwent significant change over the last year to support the return to campus, hybrid employment model, technological changes/challenges, and mental health and wellness. While the university's operations have been challenged throughout the year due in part to the lingering pandemic questions, the lessons learned from COVID-19 in addition to the Senior Leadership Teams response to remaining agile to change has allowed the operations to remain within appetite. The risks retired in 2022 were operational, and primarily surrounded COVID-19.

**Financial Risk** is a growing concern. While *Financial Sustainability* remains foundational to the institution; therefore, under continuous review, the freeze to the university's main revenue sources (grant and domestic tuition) and the increasing expenses through inflationary/ contractual agreements place the institution in a structural deficit position. In 2022 financial risks at the institution increased in overall likelihood, while maintaining a moderate overall effect as there is a budget plan in place. The university continues a proactive approach to risk mitigation and maintains a focus of long-term strategy planning and decision making to sustain financial responsibility.

**Reputational Risk** remains stable with 28 reputational risks on the master register which are all owned by senior leaders at the institution. The joint effort in risk treatment and strategy have given the university a bright future.

**Strategic Risk** the 12 risks identified in 2021 are treated similar to "high" as they are continually reviewed. Senior Leadership will be revisiting the categories in 2023 with an eye to the current landscape and current priorities. The list currently includes the following:

Strategic Risks	Risk Context
Stakeholder Relations / Engagement, Students	Critical Assessment of internal stakeholders needs and making informed decisions Define enrolment strategy for attraction of key staff and faculty as competition continues to increase; Maintain acceptable student, faculty, and staff satisfaction and maintain standards to drive institutional success and reputation; Manage social media reviews; Understand the long-term impacts of decision making on prospective internal stakeholders
Stakeholder Relations / Engagement, Employees	Critical Assessment of internal stakeholders needs and making informed decisions Define enrolment strategy for attraction for key staff and faculty as competition continues to increase; Maintain acceptable student, faculty, and staff satisfaction and maintain standards to drive institutional success and reputation; Manage social media reviews; Understand the long-term impacts of decision making on prospective internal stakeholders
Stakeholder Relations /Engagement, External	Incorporate risk management in decision making to recognize short- and long-term impacts to external stakeholders; Assess and understand external stakeholder group needs to preserve and foster relationships; Foster long term partnerships with external stakeholders in effort to fortify the institution's brand; Understand the long-term impacts of decision making on prospective external stakeholders
Academic/Non-	Inspire and challenge faculty and staff personally, professionally and academically in order to

<b>academic Staff Engagement</b>	make Ontario Tech a remarkable place for work; Enable faculty and staff to be entrepreneurial to inspire innovation
<b>Student Experience / Culture</b>	Meet student's needs by providing career-focused professional development options, amplify research and providing student developmental opportunities; Recruit a high caliber of student mix; Enable and foster student, faculty and staff to be entrepreneurial to inspire innovation; Maintain acceptable student engagement levels; Assessment of drivers and outcomes leading to (good and bad) student engagement levels; Anticipate, explore and leverage technological developments to prepare students for successful careers and improve student experience; Maintain acceptable student engagement levels
<b>Leadership</b>	Effective management of a change in leadership and create synergies resulting in misalignment or compromise of strategic focus; Maintain the optimal leadership mix to enable student success and meet strategic goals; Communicate expectations to leadership
<b>Campus Wellbeing</b>	Sustainability of current infrastructure (physical), systems (technology), resources and environment- Maintain safety, security and wellness of stakeholders groups including faculty, staff, students- Enable organizational diversity at all levels and continue to be inclusive of all stakeholder groups- Link community issues to Ontario Tech's approach (e.g. research) to thinking, doing and leading in effort to fortify the institution's strengths to make a difference in society - Recognize opportunities within the community to become a change-maker and leader in technology-driven research
<b>Brand</b>	Sustainability of current infrastructure (physical), systems (technology), resources and environment; Maintain safety, security and wellness of stakeholders groups including faculty, staff, students; Enable organizational diversity at all levels and continue to be inclusive of all stakeholder groups; Link community issues to Ontario Tech's approach (e.g. research) to thinking, doing and leading in an effort to fortify the institution's strengths to make a difference in society; Recognize opportunities within the community to become a changemaker and leader in technology driven research
<b>Innovation</b>	Facilitate the application of technology to meet the needs of students, community and society as a whole to remain innovative and competitive; Inspire students, faculty and staff to be creative and entrepreneurial
<b>Physical Infrastructure</b>	Effective management of infrastructure (information computing technology, space constraint etc.) and adequately plan for future needs; Provide the necessary tools and infrastructure to enable the pedagogy of learning; Manage and secure cyber security platforms / systems to protect staff, faculty and student data
<b>Virtual Infrastructure</b>	Effective management of infrastructure (information computing technology, space constraint etc.) and adequately plan for future needs; Provide the necessary tools and infrastructure to enable the pedagogy of learning; Manage and secure cyber security platforms / systems to protect staff, faculty and student data
<b>Partnership Success</b>	Work closely with DC to recognize opportunities while maintaining a symbiotic relationship Maintain communication to foster the partnership
<b>Disruption within PSE sector</b>	Widened access to PSE and growing competitive pressures resulting in a greater need to raise teaching standards and strengthen student experience (better facilities, cutting-edge technology etc.); Anticipate competitive advancements and offerings within higher education Maintain desired enrolment levels
<b>Disruption outside PSE sector</b>	Provide inspirational and imaginative solutions to become differentiated as an institution, stay relevant and maintain desired enrolment levels; Inspire innovation and remain entrepreneurial to remain attractive; Consider external opportunities outside of PSE in order to think big and break new ground; Explore partnerships to offer innovative solutions to students



## RISK AT A GLANCE - DASHBOARDS

The risks highlighted in the dashboards that follow are a summary of the university’s risk portfolio for the 2022-2023 year.

The data count noted in Figure 1 is a summary of the 2022-23 master registry which represents all risks across the institution. Over the last year, the university transferred 14 mitigation strategies to effective risk controls, while adding additional language associated with 211 mitigative strategies to support the ongoing efforts of risk treatment. Overall, the number of risks reduced from 2021-22 to the current reporting year due to a reduction in COVID-19 related risks. Subsequently, those risks heightened efforts in other areas such as the university’s infectious disease program under health and safety.

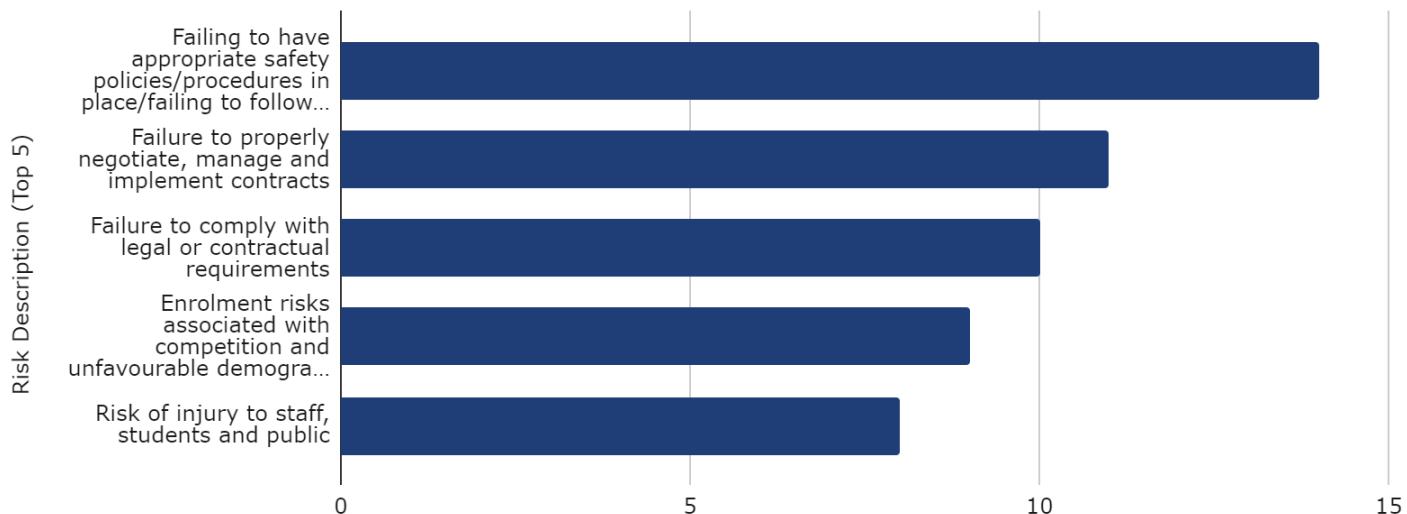
**Figure 1 – Master Registry Summary**

Data Count	Local Risks	Institutional Risks (I)	Consolidated Risks (C)	Controls	Causes	Mitigation Strategies	Mitigation Strategies to Controls 2021-22	Mitigation Strategies Altered	Risk Drivers
Number	107	189	68	256	175	518	14	211	75

The descriptions noted in Figure 2 are the primary descriptions used to provide context as to the effect of the risk within the operational areas across the institution. As mentioned above, health and safety risk present itself several times across areas of the institution, which is driving the increase in this description.

**Figure 2 – Risk Descriptions**

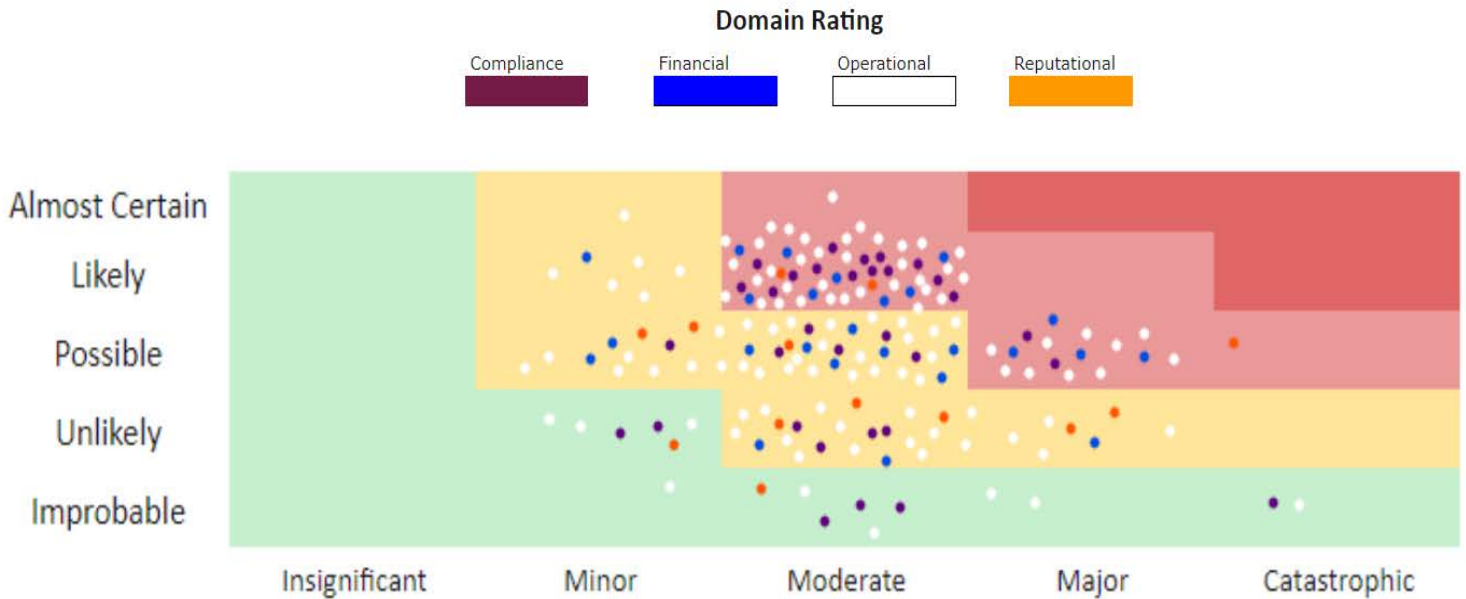
### (I) Top Risk Descriptions



The heat map in Figure 3 notes the institutional risk at the university when they are unconsolidated. This means the data shows ALL risks identified across the institution by Risk Owners in raw form (i.e. Health and Safety is one consolidated risk; however, it shows up across the institution in operational registers 15 times). There are a number of repeats identified as a high risk for the university, which is the reason why the number of markers in the high (red) area look so striking. In addition, not all risk owners at the institution see risk categorized the same way (i.e. health and safety can be an operational risk, compliance risk, and financial risk). The bottom up

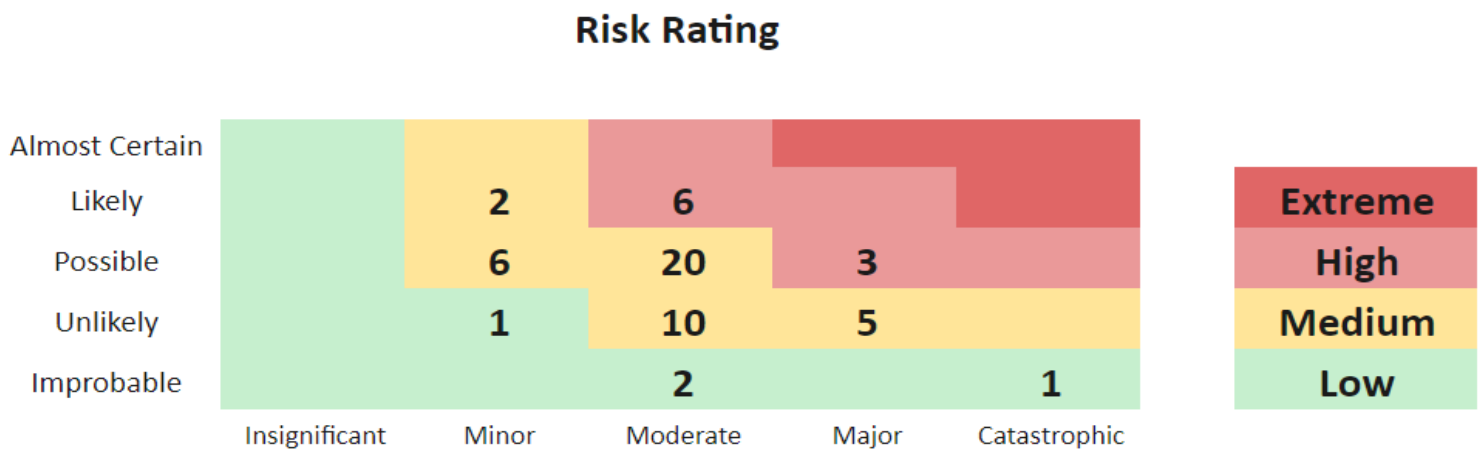
approach to data collection empowers Risk Owners to assess how they see the risk associated to their respective area.

**Figure 3 – Institution Wide Heat Map**



Ultimately, the risk is primarily owned by one senior leader to coordinate an institutional response. The items are rolled into one consolidated report as shown in Figure 4. However, ALL Risk Owners carry responsibility to action, and implement treatment, and push for mitigation within their respective areas.

**Figure 4 – Consolidated Heat Map**



**RISK RATING – EXPANDING ON THE HIGH/ EXTREME**

In June 2022, the Board received the University’s seventh Annual Risk Management report. The Board approved the construction of a taskforce to determine if a new risk presentation format was required. Over the summer months, a subset of Board members engaged in meaningful discussion on how the University can better apprise governors of risk by ensuring the reporting and engagement remains at a strategic level. The University would like to thank Carla Carmichael, Laura Elliot, and Reiner Dietmar for their insight and contributions to this review. In addition, leadership

met with external partners to understand their respective journeys to a mature risk profiles within their organizations. At the November A&F meeting the committee approved a move to an Executive Summary to be used highlighting the overall health of the URM. Strategic focus on significant risks/areas facing the University. Greater clarity surrounding the effectiveness of the mitigation strategies versus the challenges. The following is a summary of the nine high level risks identified by the institution:

## Operational Risk

**Risk Definition:** Exposures that arise from people or a failure in internal processes, systems or controls and may impact the University’s ability to sustain immediate or future business operations.

High Operational Risks	Risk Trend	Risk Mitigation Plan
<p><b>Business Continuity:</b> Any disaster that disrupts business continuity, including Impairments to the University’s operations and ability to function as a result of a disruption to vital technology infrastructure.</p>	→	<p>Updated policy framework against sector best practices. Continue to engage Emergency Management (OCS)/DC to support the development of the plans.</p> <p>Draft disaster recovery plan in place.</p> <p>Support business units in ongoing development of their plans.</p>
<b>Risk Owner:</b>		VP – Administration
<p><b>Mental Health:</b> There is an increase in mental health issues among members.</p>	→	<p>Student Life and Human Resources working collectively.</p> <p>Ensure all spaces have a designated safety plan.</p> <p>Continue the expansion of mental health service providers. Continue to enhance the university’s well-being website.</p> <p>Focused efforts on mental health specific training and health practices.</p>
<b>Risk Owner:</b>		Chief Work Transformation and Organization Culture Officer
<p><b>Health and Safety:</b> The necessary resources and financial investment to support the review, monitoring, maintenance and implementation of infrastructure enabled to prevent or mitigate potential workplace accidents/injuries will serve to avoid catastrophic incidents</p>	→	<p>Health and Safety Officer responsible for ongoing delivery of services from health and safety committees.</p> <p>Ongoing development of H&amp;S plan.</p> <p>Alignment and utility of existing policies against changing work environment.</p> <p>Solidify and maintain with regional industry H&amp;S stakeholders.</p> <p>A GAP analysis underway focused on overall H&amp;S practices, rooted in government regulations.</p> <p>H&amp;S collaborating with Risk, OCIS, Biosafety - through monthly hazard/liability review.</p>
<b>Risk Owner:</b>		Chief Work Transformation and Organization Culture Officer

## Financial Risk

**Risk Definition:** Exposures that arise from the University's financial operations and/or external market forces, with the potential to impact funding level, investment performance, liquidity, budget, premium revenue/rates, and other key financial indicators.

### High Financial Risks

### Risk Trend

### Risk Mitigation Plan

#### University Equipment Failure:

Older equipment showing signs of wear and tear which will require funding for replacement or repair.

→

Continue to follow facilities renewal plan and annual electrical maintenance on plan schedule.

Commercial surplus funds directed into an equipment replacement fund.

Continue to identify ways to increase focus on equipment grants, engagement with industry and donors. Continue to provide annual reporting to Budget Working Group (BWG) on risks associated with equipment.

Through Durham College, multi-year life cycle management investment plan established. IT Services remain vigilant to ensure plan is maintained and funding secured.

#### Risk Owner:

VP – Administration

#### Financial Sustainability:

Risk associated with inadequate fiscal controls

→

Ensure predictive analysis is based on sound assumptions. Continue to monitor what others within the sector are considering and adjust accordingly.

Exploring alternate sources of revenue.

Use innovative enrollment tactics to meet University enrollment goals. Assess existing contractual obligations.

Update to the risk mitigation plan upon completion of the proposed 2023 budget asks.

#### Risk Owner:

VP – Administration

## Strategic Risk

**Risk Definition:** Risk that arises from internal and external trends and events that might impact the University's ability to achieve its mandate, or that arise from its ability to identify and execute on objectives and to establish and implement strategies to achieve them.

*There are no high or extreme risks to report at this time. The university continues to monitor all 12 items listed in the strategic table.*

## Reputational Risk

**Risk Definition:** Exposures that arise from stakeholders' perception of the University with the potential to impact public trust in the University, as a result of direct or indirect action of the University, its employees, partners or suppliers.

High Reputational Risks	Risk Trend	Risk Mitigation Plan
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**Cyber and Privacy:**

The failure to safeguard our information systems and data, could result in reputation, legal, and other risks. In an era of advancing technology, dramatically increased storage capacity and new places to store and save information (Cloud), there is a need for an information governance strategy, policy and procedures.



Information governance (IG) project planning underway. Actions of the IG project assigned to unit leads for delivery.

Finalize collaborative Incident Response Plan with DC. IT:

Through Durham College IT Services, assess overall security risks and create action plan to manage. 2. Update policy on use of technology. Ensure thorough analysis of any realized threats. 3. Re-launch cyber security awareness program.

Shared security analyst position which focuses on network and infrastructure security.

Continue to lead Table Top Scenario based discussions between the institutions to strengthen our understanding of the response in crisis. These scenarios will have narrow focus to test specific vulnerabilities. Continue to launch phishing campaign/cyber security awareness twice annually and based on the results we set up additional training. Finalize two factor authentication program across all areas of the institution.

**Risk Owner:**

Collective: General Counsel and VP - Administration

Compliance Risk
-----------------

**Risk Definition:** Exposure to penalties, fines, damages, and loss caused by not adhering to applicable laws, regulations, and policies mandated under federal, provincial, or municipal laws, regulations, University policies, procedures, directives, or by-law.

High Compliance Risks	Risk Trend	Risk Mitigation Plan
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**Contracts:**

Contracts and agreements create partnerships, obligations and liabilities for the University. Risk: At present, there is no consistent adherence to the contract management framework.



Contract management framework in place however requires fulsome review.

Contract training to be developed.

Policies are under review to integrate and clarify signing authority(ies) Soft skills training around negotiation and contract management.

Contracts Officer hired to support the ongoing demand.

**Risk Owner:**

Collective: General Counsel and VP - Administration

**Compliance:**

Failure to understand and adhere to compliance requirements will result in critical errors in decision-making, administration and governance and potential non-compliance with regulations/legislation.



Compliance Officer assigned to Office of Risk Management for oversight.

Compliance Risk defined. Compliance policy merged with Risk Management Policy. Compliance registry developed and Risk Owners identified.

Compliance Officer contacting key stakeholders about regulations/legislation within their portfolio and subsequent historical reporting.

**Risk Owner:**

Collective: General Counsel and VP - Administration

## LOOKING AHEAD

The university's tolerance for risk must be challenged to push the boundaries of the conventional business portfolio of post-secondary institutions.

Senior leadership team will continue to finesse the existing risk appetite, will review the 12 strategic risk categories and will connect risk review to major projects and initiatives where opportunities are present for gain however carry moderate risk.

Risk Management Office will continue to identify opportunities to enhance the collection of risk data, with the specific objective of making it meaningful and actionable to front line risk leads. The master risk registry is set for substantive review to determine the adequacy of the data collection on risk and their respective connection to the budget. Further, the office will work with the Board on how to enhance reporting of risks to ensure they are satisfied with the level of information meets their fiduciary duties.

## APPENDIX A – Risk Appetite Governance Structure

### Risk Appetite Governance

Risk Appetite	Risk Rating	Risk Action
Extreme	16-25	Review and action by the responsible Risk Owner. Reported by Risk Owner to Senior Leadership Team for review. If the Risk is deemed institutional, the Risk will be reported promptly to the Audit & Risk Committee. The Risk is to be included into the Risk Registry for tracking and ongoing treatment.
High	11-15	Review and action by the responsible Risk Owner. Reported by Risk Owner to Senior Leadership Team for review. If the Risk is deemed institutional, the Risk will be reported promptly to the Audit & Risk Committee through the Risk Management Quarterly Report. The Risk is to be included into the Risk Registry for tracking and ongoing treatment.
Medium	6-10	Risk Lead monitors and reports existing treatment as determined by the Risk Owner responsible for the project, decision, plan or operational activity under assessment.
Low	1-5	Requires no attention beyond routine practices, procedures, and monitoring

### Risk Rating Matrix

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	1	2	3	4	5
Unlikely	2	4	6	8	10
Possible	3	6	9	12	15
Likely	4	8	12	16	20
Almost Certain	5	10	15	20	25

Extreme	Extreme	High	Medium	Low
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### Risk Analysis/ Measurement Tool

**LIKELIHOOD MEASURE:** The probability of the risk event occurring.

Score	Likelihood	Description
1	Improbable, Rare	May occur in exceptional circumstances
2	Unlikely	Could occur if circumstances change
3	Possible	Might occur under current circumstances
4	Likely	Will probably occur in most circumstances
5	Almost Certain	Is expected to occur unless circumstances change

**CONSEQUENCE MEASURE:** Degree of severity of the consequence should the risk occur

Consequence Levels	People, Damages & Liability	Operational Effects	Reputation (Internal & External)
<b>Insignificant</b> 1	<ul style="list-style-type: none"> <li>Very limited # of students, employees or public affected</li> <li>Very limited loss</li> <li>Very limited damage</li> </ul>	<ul style="list-style-type: none"> <li>Negligible effects</li> <li>Very minor disruption</li> <li>Very minor overruns/loss of FTE</li> <li>Very minor loss of data</li> </ul>	<ul style="list-style-type: none"> <li>No/minor impact on trust (internal)</li> <li>No/minor external or media attention</li> </ul>
<b>Minor</b> 2	<ul style="list-style-type: none"> <li>Limited # of students, employees, or public affected</li> <li>Minor Injuries or damage</li> <li>Limited loss of assets</li> </ul>	<ul style="list-style-type: none"> <li>Normal administrative difficulty</li> <li>Minor disruptions or losses in services, data or FTE</li> <li>Minor cost overruns</li> </ul>	<ul style="list-style-type: none"> <li>Minor setback in trust (internal)</li> <li>Some unfavourable external/media attention</li> </ul>
<b>Moderate</b> 3	<ul style="list-style-type: none"> <li>Moderate # of students, employees, or public affected</li> <li>Loss of large physical asset (replaceable)</li> <li>Serious injuries or moderate damage</li> </ul>	<ul style="list-style-type: none"> <li>Delay in accomplishing program/project</li> <li>Moderate disruption of essential services, data or FTE</li> <li>Some loss of service, data or FTE</li> <li>Moderate cost overruns</li> </ul>	<ul style="list-style-type: none"> <li>Some loss of trust (internal)</li> <li>Negative media attention</li> <li>Negative audit or student outcome rating</li> </ul>
<b>Major</b> 4	<ul style="list-style-type: none"> <li>Major number of students, employees, or public affected</li> <li>Loss of major asset</li> <li>Serious injury or major damage</li> </ul>	<ul style="list-style-type: none"> <li>Program/project redesign required (fundamental rework)</li> <li>Major disruption of essential services, data or FTE</li> <li>Major cost overruns</li> </ul>	<ul style="list-style-type: none"> <li>Major loss of trust (internal)</li> <li>Public outcry for removal of official</li> <li>Strong criticism in audit</li> </ul>
<b>Catastrophic (Significant or Extreme)</b> 5	<ul style="list-style-type: none"> <li>Significant # of students, employees, or public affected</li> <li>Significant or extreme funding decrease</li> <li>Significant or extreme damage</li> <li>Death or significant disability</li> </ul>	<ul style="list-style-type: none"> <li>Program/project irrevocably finished (objective will not be met)</li> <li>Essential services disrupted for extended periods</li> <li>Total loss of service, data or FTE</li> <li>Extreme cost overruns</li> </ul>	<ul style="list-style-type: none"> <li>Public call for change in Administration/Board</li> <li>Internal vote of non-confidence</li> <li>Very negative public ratings</li> </ul>

**APPENDIX B: Insurance**

**University Insurance Portfolio**

**Marsh Canada**

<b>Policy</b>	<b>Term</b>
<b>Commercial Fleet</b>	Annual Renewal
<b>Non-Owned Auto (Canada &amp; USA only)</b>	Annual Renewal
<b>Non-Owned Auto (World-wide)</b>	Annual Renewal
<b>Garage Auto</b>	Annual Renewal
<b>Crime</b>	Annual Renewal
<b>Nuclear (NIAC)</b>	Annual Renewal
<b>Machinery Breakdown</b>	Annual Renewal
<b>Marine</b>	Annual Renewal
<b>Special Crime (K&amp;R)</b>	<u>3 year</u> Term
<b>Student Workplace Med</b>	Annual Renewal
<b>Cargo and Transit (adhoc)</b>	Risk Event Based
<b>Construction Program (adhoc)</b>	Risk Event Based
<b>International Travel GL (adhoc)</b>	Risk Event Based

**University Insurance Portfolio**

**CURIE**

<b>Policy</b>	<b>Term</b>
<b>General Liability</b>	5 Year Term
<b>Errors and Omissions</b>	5 Year Term
<b>Directors and Officers</b>	5 Year Term
<b>Property</b>	5 Year Term
<b>Cyber Liability <i>NEW</i></b>	5 Year Term



# Multi-Year AODA Accessibility Plan 2020-2025 Annual Status Report May 2022 – April 2023

This document is available in alternate formats upon request.  
Please see [Page 10](#) for our contact information.

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## Introduction

## Background

This report is a collaborative effort between the multiple units represented on the campus-wide [Accessibility Working Group](#) (AWG). The AWG was established at Ontario Tech University in September 2010 to create an inclusive and barrier-free campus for all individuals with disabilities. In response to the Accessibility for Ontarians with Disabilities Act (AODA) and, more recently, the Integrated Accessibility Standards and Regulations (IASR), which mandated province-wide accessibility planning to address the staggered implementation of the accessibility standards. The Ontario Tech AODA Multi-Year Accessibility Plan (“Multi-Year Plan”) published in 2020 reaffirms the university’s commitment to developing and maintaining a study and work environment that is inclusive and facilitates the full participation of all students and employees with disabilities.

## Statement of Commitment

Ontario Tech University is committed to creating a campus community that includes all individuals and ensures equal opportunity among its members to succeed in their academic and/or employment endeavors. The university recognizes that successful learning and employment outcomes result from shared responsibility and commitment on the part of students, faculty, and staff. Therefore, the university expects all members of the community will advance the ongoing development of an environment that is accessible and inclusive while actively working to identify, remove and prevent barriers to persons with disabilities.

## Accessibility Feedback

Ontario Tech University recognizes community feedback as a critical process in identifying, removing, and preventing barriers in its accessibility strategy. Feedback is essential to the University’s plan to improve how we deliver our services and encourage inclusive community participation. Feedback may be given by emailing the Office of Risk Management at [aoda@ontariotechu.ca](mailto:aoda@ontariotechu.ca) or by telephone at 905.721.3201. You may also send feedback by completing our [Accessibility Feedback Form](#) or by mailing us:

Office of Risk Management  
2000 Simcoe Street North  
Oshawa, Ontario L1G 0C5

# Institutional Achievements and Accomplishments

## General

*Initiatives related to accessibility that may or may not be directly associated with a regulatory requirement or initiatives that don't fall within a particular standard.*

- The Accessibility Working Group (AWG) had four (4) meetings in the 2022 calendar year where members participated in strategic discussions and accessibility priority planning.
- The Athletics and Recreation department was awarded a grant from Parasport Ontario and the Toronto Accessible Sports Council to develop and run an adaptive sports program on campus for students.
  - Students tried adaptive bocce ball, adaptive goal ball, and seated volleyball on 'Try It' days, which also resulted into intramurals and additional 'Try It' days occur multiple times a month and are now a regular recreational program that the Athletics department offers.
  - Trained Athletics department staff by Provincial Sport Organizations (PSO) experts.
  - Collaborated with Student Accessibility Services for Ontario Tech University to promote and hire students to assist in administering the program.
  - An adaptive sport and recreation club has been approved for students on campus, and the Athletics Department finds facility space and time for adaptive and parasport activities.
- Supported the Durham Region 2023 Ontario Parasport Games, as Ontario Tech University hosted the wheelchair basketball event at the Campus Recreation and Wellness Centre, served as the presenting sponsor for the seated volleyball event, and had a significant volunteer presence at the Games.
- Hired an Equity, Diversity and Inclusion (EDI) Coordinator and Project Coordinator in a full-time continuing position to support the ongoing development and growth of the university's Office of Equity, Diversity and Inclusion.
- Posting for a new Assistant Vice-President, Diversity, Inclusion & Belonging to head up and manage the ongoing development and growth of the university's Office of Equity, Diversity and Inclusion.
- EDI launched an ongoing self-identification survey in May 2022, which includes disaggregated questions about disabilities. The data will be used to inform programs and strategies that will move forward our goals of becoming a more inclusive and accessible campus.
- Finalized data collection for an Employment Systems Review with the Canadian Centre for Diversity and Inclusion (CCDI) in April 2022. Data collection included a dedicated focus group for employees with disabilities. Report/recommendations will be out later this spring.
- Led by our Ridgeback Leadership Council, our student-athletes participated in [motionball](#) on March 19 on campus. All the proceeds go directly to the Special Olympics Canada Foundation to help support individuals with intellectual disabilities.
- Continued partnerships with Canadian National Institute for the Blind, also known as CNIB, including re-launching the Phone it Forward program.

- During the Summer of 2022, the Equity Programs team ran a summer book club, #LetsTalkEquity, where the group read “Disability Visibility: First-Person Stories from the Twenty-First Century” by Alice Wong. The group had an online discussion to chat about their learnings and development on disabilities, accessibility, and anti-ableism.

## Customer Service

*Initiatives implemented related to the Customer Service Standards. For example, this can include training employees, updating/establishing policies, follow up on feedback received.*

- The Career Centre continued to provide the Employment Readiness Program to students with accessibility needs with career development support.
- The Career Centre developed and launched the Career Centre modules in Canvas for students to access resources asynchronously.
- The Student Engagement and Equity team provided workshops to students and employees on campus on the following topics:
  - “Inspired: Anti-Ableism and Invisible Disabilities” facilitated by the Equity Advocates to discuss invisible disabilities, how ableism affects those with invisible disabilities, and Spoon Theory. Individuals shared their experiences as students with invisible disabilities at the university.
  - “Dear Everybody Campaign Session” facilitated by Holland Bloorview Kids Rehabilitation Hospital for students and staff to learn about disability advocacy and disability in the media.
  - “Anti-Ableism” Workshop by Respecting Individuals, Supporting Equity (RISE) Program facilitated once per semester for students. Participants can identify stereotypes targeting people with disabilities and discuss known cases of discrimination and harassment that have targeted people with disabilities.
  - “Equity Awareness Week” occurred twice in Fall 2022 and Winter 2023, which provided the Ontario Tech campus community with online and in-person opportunities to gain experience about various equity topics, including accessibility and anti-ableism, through online social media posts and in-person tabling.
- Continued training for all ambassadors and mentors in our Peer Leader and Ridgeback Mentoring Program to complete AODA training and Equity Level 1.
- The Office of Student Life ensured at both Ridgeback Orientations (September 2022 and January 2023) that activities were planned and implemented through an equity and accessible lens to ensure that all students attending orientation events and programming could participate fully.
  - This included volunteer training, activities in alternative formats, a variety of events, and programming for people with multiple abilities and needs related to accessibility as well, with an emphasis on self-care and health.
- The Teaching and Learning Centre (TLC) trains content developers within Continuous Learning and those developing Microcredentials.
- TLC provided workshops on Universal Design for Learning (UDL).
- In 2022-23, the Library collaborated with Student Accessibility Services on an outreach email campaign to promote alternate format availability to students registered for accommodations through SAS. As a result of this campaign, five new students have

registered for alternate format access through the ACE Portal. In addition, Ontario Tech students have also downloaded twenty-seven alternate format books and chapters via ACE since April 1, 2022.

- The Library continues to offer collection access support, printing, and photocopying support, extended loan periods, and in-depth research support. In addition, we have expanded the accessibility of our services with online appointment booking and virtual appointment options via Zoom, Google Meet, MS Teams, or any platform that users are comfortable using.
- The Office of the Registrar implemented customer service changes initiatives, including:
  - The Admissions and Recruitment team created a new process to refund the application fee for those accepted through the equity admissions consideration policy.
  - The Admissions and Recruitment team also offer in-person and virtual methods for prospective students and applicants to connect with us to remove barriers to access.
  - Student Awards and Financial Aid (SAFA) has returned to offering in-person, virtual, and phone appointments from virtual only.
  - SAFA continues to work with Student Accessibility Services to support students with bursary assistance for registered students via TSA or the provincial Bursary for Students with Disabilities program.
  - Increased access to food security via direct deposit or physical food cards.
  - At the direction of the federal and provincial government, we now consider prolonged or persistent disabilities.
  - Records and Registration aligned the last day to withdraw from courses without academic penalty, with the term's lecture end date providing greater flexibility to students.
  - Reserved space on campus for students to write online exams in cases where they do not have reliable access to the internet at home.

## Information and Communication

*Initiatives implemented related to the Information and Communications Standards. For example, this can include creating accessible documents, updating websites to meet accessibility requirements, developing new policies to ensure information/documents are provided in alternate formats, follow up on feedback.*

- Communications & Marketing (C&M) rolled out updates over the past year to place a more aggressive accessibility monitoring that prompts users if there are issues that are WCAG AA related and to become compliant with the university's Content Management System.
- Communications & Marketing:
  - Created and reviewed digital signage screens for compliance, focusing on font sizes and contrast.
  - Posted videos to digital platforms, which all include captioning options.
  - Transitioned to Single-Sign-On (SSO) on most platforms, which increases the ability to access protected content.

- Reviewed and updated all new signages developed in Shawenjigewining Hall and Charles Hall for accessibility.
- Major print publications and materials (i.e., viewbooks) designed to be fully AODA compliant.
- Reviewed all digital ads run for the recruitment advertising campaign for compliance and accessibility.
- Convocation on Polonsky Commons featured full flooring and pathways to ensure accessibility for all individuals.
- The Athletics and Recreation department continued their progress on adding alternative texts on social media posts, video captions, inclusive language and CamelCase in hashtags.
- The TLC provided an initiative-specific review of module content related to AODA and UDL.
- The Library provides alternate formats, on request, for material held in our collections. This includes alternate formats for print via the [Accessible Content E-Portal](#) and captions and/or text transcripts for multimedia content.
- The Office of the Registrar enhanced accessibility standards in communications, social media platforms, advertising, print, and the web.
  - Enrolment Services converted grade appeal PDF documents to machforms, allowing larger copies and inclusion on hyperlinking actions.
  - Enrolment Services converted support infographics from PDF format to web copy.
  - Admissions and Recruitment included alternative text with all images on all and future student social platforms and closed captioning on all videos.
  - Inclusive language was used on all content, including using #IncomingClass2023 and CamelCase in hashtags.
  - Continued to remove infographic PDFs from the website and use pages and alternate web tools that are AODA compliant.
  - Student Awards and Financial Aid adapted numerous PDF forms into online forms.
  - Records and Registration transitioned key paper forms into digital, eliminating the need to visit the Office of the Registrar to make certain requests.
  - The English Language Centre provides instruction in a hybrid model so that the program is accessible to those who cannot attend in person.

## Employment

*Initiatives implemented related to the Employment Standards. This can include, for example, accommodating all candidates during the recruitment process and employment life cycle, steps taken to ensure accommodation plans, and ensuring employees have accessible emergency information.*

- Joined forces and brought key stakeholders together with the development, implementation, and monitoring of accommodation plans. This work has involved the Employee, Labour Relations, Health and Disability Management Specialist, a third party Disability Consultant, and Health and Safety Officer.

- Collaborated with Student Accessibility Services during times when the university has hired a student in a limited term capacity and to ensure accommodations currently in place are given full consideration if/when needed in their role as an employee.
- Manager, Employee Health and Wellness hired in December 2022; the new position focuses on strategic initiatives to support an employee's mental health and well-being.
- The Archibus tracking system is now leveraged to ensure that the submission of requests for equipment and space adaptations are managed in a timely and efficient manner.
- The EDI Coordinators have conducted workshops for faculty and staff hiring committees, tenure and promotion committees, and continuing appointment review committees, including best practices for recruiting, supporting, and promoting applicants and faculty identifying as persons with disabilities.
- Human Resources in consultation with an organizational development consultant, delivered enhanced 'Managing in a Unionized Workplace' workshop, which covers how to best respond to a request for accommodation as it relates to workplace accommodation within a Collective Agreement.

## Design of Public Spaces

*Initiatives implemented related to the Design of Public Spaces Standards. This can include, for example, installing accessible playgrounds, tactile walking surface indicators, and establishing design guidelines that take into account accessibility.*

- Office of Campus Infrastructure and Sustainability (OCIS) completed accessibility audits of the 151 Athol, 61 Charles, 55 Bond, Campus Ice Centre (CIC), and SIRC,.
- OCIS and the Library collaborated to have a staff washroom converted into a universal washroom. The second-floor accessible washroom opened at the North Oshawa Library, expanding accessible access to bathroom facilities on campus.
- The second and third floors of Charles Hall and the ground and fourth floor of 55 Bond were renovated to accommodate vacating 11 Simcoe from our downtown campus.
- The emergency exit signage in the Science, Business & IT, ACE & Engineering, ERC, Library, 151 Athol, and CIC buildings have been upgraded and changed for the running-man signage.
- Lighting upgrades continued throughout 2022, returning several areas to design levels. Lighting upgrades will continue to be upgraded and changed through 2023 by our OCIS team to meet design levels.
- Items being addressed in 2023 are; exit signs in various buildings, lowering various elements to with control heights, adding evacuation plans in various locations, updating wayfinding in various locations, updating stair nosing and adding textile plating
- Items for 2024 are currently being reviewed and prioritized.
- The Campus Fieldhouse exterior was renovated to update and meet compliance requirements, which included installing new doors and a new accessible ramp.
- Student Mental Health Services designed, furnished, and accessorized Quiet Rooms to accommodate students with mobility concerns at our North and Downtown locations.
- Two height-adjustable workstations were installed in the Downtown Campus Library at Charles Hall.



- In January 2023, based on feedback from students and staff in Student Accessibility Services, we implemented a booking system for our Adaptive Technology space on the fourth floor of the North Oshawa Library. Students can now book the room for 4-hour blocks up to one week in advance. The room is available on a first-come, first-served basis when not reserved. Students and staff can book the space on [the Library website](#).
  - As of January 23, 2023, 9 individuals have reserved the space for a total of fourteen reservations.
- The English Learning Centre has upgraded to a new space, the U5 portable, which is fully accessible compared to their old area.
- The Records and Registration team worked with Student Accessibility Services and academic faculties to ensure students with mobility concerns had classes scheduled in specific buildings/floor levels when required.

## Next Steps

- Ontario Tech University to prepare and submit the 2023 Accessibility Compliance Reporting.
- Review and update the Accessible (AODA) Instruction Module for Educators.
- Review and update all accessibility-related policies and procedures.
- Resubmission of the capital funding request for the new adaptive technology workstations on the main floor of the North Oshawa Campus Library for the 2023-24 fiscal year. If successful, we will install height-adjustable tables and adaptive furniture in the space. We will also consult the university Adaptive Technologist on recommended computer hardware and software for procurement in 2023-24.

## For more information

For more information on this Annual Status Report, please contact:

Telephone Number: 905.721.3201

Email: [aoda@ontariotechu.ca](mailto:aoda@ontariotechu.ca)

Website: [accessibility.ontariotechu.ca](http://accessibility.ontariotechu.ca)

Attention: Compliance Officer

Standard and accessible formats of this document are available upon request.



**BOARD OF GOVERNORS**  
**Audit & Finance Committee (A&F)**

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**Minutes of the Public Session of the Meeting of February 22, 2023**  
**12:30 p.m. to 2:00 p.m. Videoconference**

**Attendees:** Carla Carmichael (Chair), Laura Elliott, Kathy Hao, Thorsten Koseck, Dale MacMillan, Steven Murphy, Kim Slade, Dwight Thompson

**Regrets:** Mitch Frazer, Roger Thompson

**Staff:** Jamie Bruno, Sarah Cantrell, Jacqueline Dupuis, Krista Hester, Lori Livingston, Brad MacIsaac, Kimberley McCartney, Pamela Onsiang, Lauren Turner

**1. Call to Order**

The Chair called the meeting to order at 2:00 p.m. and read aloud the land acknowledgement.

**2. Agenda**

*Upon a motion duly made by L. Elliott and seconded by S. Murphy, the Agenda was approved as presented.*

**3. Conflict of Interest Declaration**

There was none.

**4. Chair's Remarks**

The Chair welcomed participants to the meeting and thanked them for attending.

**5. President's Remarks**

The President presented an overview of finances at the University, speaking to forces both within and outside of Ontario Tech's control. With respect to the former, he shared the marked increase in applications and the recognition the University has garnered for its dedication to research funding.

Kathy Hao and Kim Slade joined the meeting.

With respect to the latter, the President emphasized the impacts frozen grant funding and cut and then frozen tuition has had on the University. Using conservative modelling, the freezes have cost the University \$42 million since 2019. He discussed international students, sharing the belief that they are a source

of enrichment for a university and should be supported to give them the greatest chance of success. He described lobbying efforts and gave a brief update on the forthcoming blue-ribbon panel being struck by the provincial government. In light of the financial landscape, the President advised the Committee that a very cautious approach is being taken to planning and budgets at the University.

Dale MacMillan joined the meeting.

In response to a question, S. Cantrell confirmed that there has been an increase in enrollment of international students across the sector, but the percentage of total enrolment varies by institution – anywhere from 10% to almost 30%. In response to a further question, S. Cantrell described the enrollment corridors set out in Ministry agreements which includes the number of eligible domestic students the University commits to accepting. She noted that each time the agreements are negotiated, the provincial government has an opportunity to review demand and participation rates.

#### **6. Strategic Discussion: Multi-Year Planning**

B. Maclsaac opened the strategic discussion on multi-year planning with commentary on two models of multi-year budgets. The Committee's discussion focused on the rolling budget model, which proposes approval of a three-year budget and a commitment to return to the Committee and the Board of Governors for significant variances. The Committee Chair expressed the view that the rolling budget is beneficial for oversight and governance but observed that certain forces such as a change in government policy are inherently difficult to predict. Committee members echoed support for the rolling budget. In response to a question, B. Maclsaac confirmed that key financial metrics will be incorporated into the multi-year approach. A member encouraged the leadership team to consider how issues or initiatives that arise in-year will be handled. Education on the rollout of a new budget model was also recommended.

B. Maclsaac then discussed financial reporting on capital projects which track to the Strategy and Planning Committee (S&P) for review. In response to a recommendation by the Auditor General of Ontario (AG), a line-by-line report was presented at the last S&P; S&P responded by requesting that there instead be a focusing on capital projects that materially impact the pursuit of strategic objectives. B. Maclsaac noted that the AG's recommendation was likely coloured by ancillary fees at large universities, a significant portion of which is residence and housing; Ontario Tech has neither. At Ontario Tech, commercial services as a whole are not a large part of the budget. In response to a question, B. Maclsaac shared that past attempts to outsource services such as parking have yielded minimal returns for the University. The Committee Chair then requested that future financial reports distinguish between grants provided by the provincial government as per student funding from those for other purposes such as infrastructure. She expressed the view that demonstrating the degree to which other sources of

funding are critical to the University in the face of continued grant and tuition freezes is critical.

## **7. Finance**

### **7.1 Third Quarter Financial Reports**

P. Onsiong presented the Third Quarter Financial Reports focusing first on the operating forecast summary which reviews year-end projected results versus approved budget. She noted that consistently high inflation is not translating into adverse impacts on expenses in the current year as well as the inclusion of \$4.5 million for capital investment.

She then presented the unaudited financial statements, which include comparative balances and a short year over year analysis for significant changes. She highlighted the statement of financial position which reflects normal activities at the University and was stable at the end of December, 2022. On the basis of the Generally Accepted Accounting Principles (GAAP), assets are expected to be strong at the end of the year with nearly 93% of winter tuition fees collected representing \$38 million. She advised the Committee that a further decrease in the endowed investment balance is possible if market conditions continue to be volatile for the next six weeks. She commented briefly on Appendix 2 of the materials which provides a sample year-end reconciliation that starts with the operating forecast and is then adjusted to come to a GAAP-basis surplus at year-end. In response to a question, P. Onsiong confirmed that investment market values are updated quarterly.

### **7.2 2023-2024 Tuition and Ancillary Fees**

S. Cantrell presented the proposed 2023-2024 Tuition Fees for A&F approval. She advised the Committee that the proposed tuition fees assume a continued freeze for undergraduate and graduate programs. She shared the recent development that the Ministry of Colleges and Universities will be entertaining cases to increase tuition in up to three programs per university where the tuition for those programs is at least 15% lower than average for the sector. It is not expected that, if successful, the potential increases in tuition in three programs will significantly increase revenue at Ontario Tech.

S. Cantrell advised that out of province tuition will increase by 5% in accordance with the province's tuition fee framework; international fees will also increase 5%. Citing the importance of stability and predictability for international students, S. Cantrell advised that the University does not plan to increase international tuition by more than 5% in any given year. She then shared that while there will be a 5% increase in tuition for course-based masters programs, research-based graduate programs will generally not have an increase. An exception to the latter is the Master of IT Security, a high-demand program whose tuition will increase by 10%. She concluded by discussing financial supports for students, advising the Committee that scholarships and bursaries have increased by 28%.

A brief discussion of the Ministry's review of certain programs then ensued. The Committee expressed concern that the tuition review is so restricted in scope. In response to a question, S. Cantrell shared that successfully pursued tuition increases are likely to be modest in any given year. In response to a further question, she clarified that no increase is being proposed for research-based graduate degrees because of pressure on faculty members' budgets which would be drawn upon to cover additional tuition.

*Upon a motion duly made by T. Koseck and seconded by D. MacMillan, the Audit and Finance Committee recommended the 2023-2024 tuition fees, as presented, for approval by the Board of Governors.*

B. Maclsaac then presented the proposed 2023-2024 Ancillary Fees for A&F's approval. He described the process by which ancillary fees are set and the three student and three administrator committee that reviews them. He advised that although the administration is permitted to increase ancillary fees by the same rate as the Consumer Price Index (CPI), doing so this year was not palatable as it was so high. Instead, it is proposed that fees increase by approximately 2%. Drivers of the increase to which B. Maclsaac drew the Committee's attention were the Ontario Tech Student Union joining the Ontario Undergraduate Student Alliance and NurseAchieve software.

## **8. Investment Oversight**

### **8.1 Semi-Annual Investment Portfolio Report**

B. Maclsaac presented the Semi-Annual Investment Portfolio Report. He drew the Committee's attention to the portfolio balance of \$32.5 million on December 31, 2022. He noted that the investment landscape is volatile, a factor in the University's short-term target of 6% returns being missed. He advised that the 5-year and long-term ranges are on target and the University's asset mix is compliant with the Statement of Investment Policies.

## **9 Compliance Update**

### **10 Risk Update**

The Committee discussed the Compliance and Risk updates simultaneously.

B. Maclsaac introduced the Compliance Update, reminding the Committee that part of the work on enhanced risk reporting includes restructuring the compliance report. Now, in addition to the annual compliance report, compliance matters of significant risk will also be documented in the quarterly risk report.

Jacqueline Dupuis joined the meeting.

In response to a Committee concern about the size of the risk report possibly becoming unwieldy, B. Maclsaac confirmed that significant issues will be summarized in the accompanying cover memo. The Committee then recommended that the risk report include a heat map. The Committee also recommended making it clear in

reporting where risks have a financial component and that the required funding be reflected in the University's rolling three-year budget.

J. Dupuis advised the Committee on that risk appetites will be reviewed prior to the next risk update. She updated the Committee on changes in operational risk stemming from the significant return of staff and students to campus. She advised that pre-pandemic processes and protocols are under review; the results will inform mitigation and action plans for campus safety this year. In response to a question, J. Dupuis confirmed the review is being undertaken externally which will give the University a broader view of trends. A brief discussion then ensued on cybersecurity testing. J. Dupuis noted that enhancements have been made in response to lessons learned and forensic reports.

**11 Consent Agenda**

**11.1** Minutes of Public Session of A&F Meeting of November 23, 2022

**11.2** Draft Personal Health Information Privacy Policy and Procedure

**11.3** Updated Expenditure Signing Authority Procedures

**11.4** Rescind: International Agreements Procedure

*Upon a motion duly made by T. Koseck and seconded by S. Murphy, the Consent Agenda was approved as presented.*

**12 Adjournment**

*Upon a motion duly made by D. MacMillan and seconded by C. Carmichael, the public session adjourned at 2:00 p.m.*

Lauren Turner, University Secretary

## COMMITTEE REPORT

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**SESSION:**

Public   
Non-Public

**ACTION REQUESTED:**

Decision   
Discussion/Direction   
Information

**TO:** Audit & Finance Committee

**DATE:** April 12, 2023

**PRESENTED BY:** Brad MacIsaac, VP Administration

**SUBJECT:** Ontario Tech Credit Rating

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**COMMITTEE/BOARD MANDATE:**

The committee is responsible for overseeing the financial affairs of the university with respect to all financial reporting/ internal control functions, budget approvals, risk management and other internal/ external audit functions at the university.

We are providing this report to the committee to assist with the fulfilment of the committee’s financial oversight mandate, and as required by the covenants in the university’s debenture.

**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.

This report provides an update on Ontario Tech credit ratings, which were issued in February 22, 2023 (Moody’s) and December 22, 2022 (DBRS).

Both have remained at previous levels indicating “low credit risk”. 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 agencies acknowledged Ontario Tech’s positive operating results while highlighting the pressures caused by flat government grants and



frozen tuition framework especially in the uncertain times caused by COVID. Neither noted concerns with the declining reserves as we were clear on our plans for internally financed large capital projects instead of taking on new debt. Moody's noted the university has been successful in the past with similar financing strategies, with the goal of replenishing reserves following internal draws.

**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.

**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.

**SUPPORTING REFERENCE MATERIALS:**

Moody's Credit Opinion

DBRS Rating Report

## CREDIT OPINION

22 February 2023

Update



Send Your Feedback

### 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.

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# University of Ontario Institute of Technology (Canada)

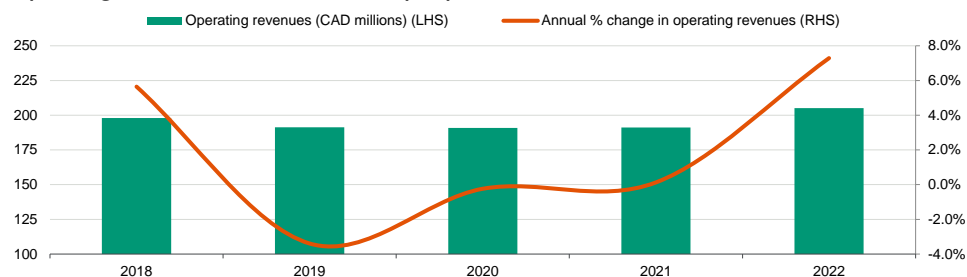
Update to credit analysis

## Summary

The credit profile of the [University of Ontario Institute of Technology](#) (Ontario Tech, A1 stable) reflects strong operating results including high EBIDA margins, and gradually rising enrolment levels. Provincial debt subsidies support debt affordability which is coupled with solid levels of liquidity from cash and investments. Credit pressures arise from operating constraints given inflationary pressures on salaries and other expenses and the extension of the freeze on domestic tuition fees by the [Province of Ontario](#) (Aa3 stable), which follows several years of freezes and a fee reduction. The university's strategic position is also impacted by a weaker fundraising capacity than peers.

Exhibit 1

### Operating revenues have rebounded to pre-pandemic levels



Year ending March 31

Sources: Ontario Tech and Moody's Investors Service

## Credit strengths

- » Strong debt affordability benefits from provincial debt service subsidies
- » Solid levels of liquidity from growing levels of cash and investments
- » Improving enrolment numbers including growing share of international students

## Credit challenges

- » Fiscal pressures from the lingering impacts of the pandemic, elevated inflation and provincial funding constraints
- » Limited capacity to expand or retrofit physical infrastructure
- » Weaker fundraising capacity than peers

## Rating outlook

The stable outlook reflects our view that the university will maintain solid wealth levels and strong cash flow along with good brand and strategic positioning that will attract healthy student demand. An increasing share of international students will enable the university to offset revenue pressures including constrained provincial funding and limits on domestic fee increases.

## Factors that could lead to an upgrade

The rating could be upgraded if cash and investment levels rose materially, leading to improving coverage and leverage metrics, or if easing provincial restrictions resulted in higher revenue generation capacity.

## Factors that could lead to a downgrade

A significant weakening in operating results as a result of lower enrolment levels or weaker expenditure controls, leading to operating shortfalls, would put downward pressure on the rating. Declining liquidity levels leading to lower leverage and expense coverage metrics would also result in downward pressure on the rating.

## Key indicators

Exhibit 2

### Ontario Tech

Year ending March 31	2018	2019	2020	2021	2022
Operating revenue (CAD millions)[1]	198.0	191.3	190.9	191.1	205.0
EBIDA Margin (%)	23.3	19.1	15.7	21.8	20.7
Total cash and investments (CAD millions)	128.7	115.8	93.1	129.4	173.3
Total cash & investments to total adjusted debt (x)	0.60	0.55	0.46	0.66	0.93
Total cash & investments to operating expenses (x)	0.68	0.60	0.47	0.70	0.87
Annual debt service coverage (x)	1.77	1.80	1.48	2.04	2.01

[1] Revenue is net of scholarship expenses

Sources: Ontario Tech and Moody's Investors Service

## Detailed credit considerations

### Baseline credit assessment

The credit profile of Ontario Tech, as expressed in its A1 stable rating, combines (1) a BCA of a3, and (2) a high likelihood of extraordinary support coming from the Province of Ontario (Aa3 stable) in the event that the university faced acute liquidity stress.

### Strong debt affordability benefits from provincial debt service subsidies

The university's debt metrics, as measured by annual debt service coverage, improved relative to pre-pandemic levels to 2.0x at March 31, 2022, with our projection of similar levels for 2022-23. Debt affordability is further supported by the annual debt service subsidies from the Province of Ontario.

In 2011, the university signed an agreement with the province guaranteeing an annual debt service subsidy of CAD13.5 million (received semi-annually) earmarked for debt service until maturity of the 2034 CAD220 million notional value debenture (issued in 2004). The debenture grant from the province will continue to significantly ease the financial impact of the debt burden on the university. The Durham College of Applied Arts and Technology provides a guarantee to Ontario Tech's 2034 debenture, providing additional credit support to debenture holders.

The university's total adjusted debt as at March 31, 2022 includes a CAD144.5 million book value senior unsecured debenture maturing in 2034, CAD35.3 million present value of its long-term capital lease obligations for buildings in downtown Oshawa, and CAD6.7 million in operating leases. These balances will continue to amortize annually.

In 2022, the university also entered into a CAD25 million loan for the long-term financing of its new academic and student building. The additional leverage will partly offset the anticipated improvement in the existing debt levels.

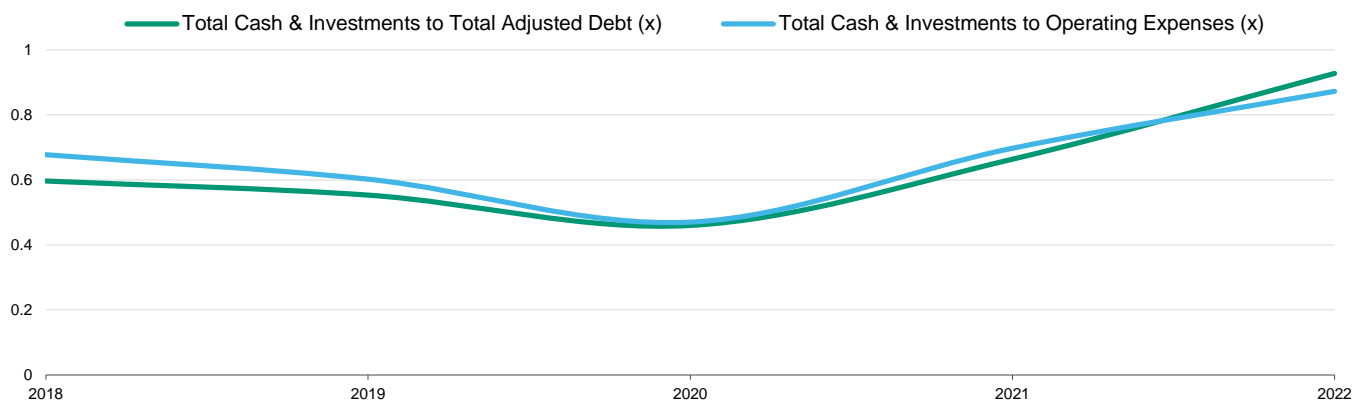
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

### Solid levels of liquidity from growing levels of cash and investments

Ontario Tech maintains solid and improving levels of wealth and liquidity from cash and investments, supported by strong operating margins and prudent fiscal management. Adjusted total cash and investments, including endowments, stood at CAD173.3 million at March 31, 2022, and provided 0.93x coverage of total adjusted debt and 0.87x coverage of operating expenses, levels that significantly exceed the 5-year averages.

Exhibit 3

#### Liquidity continues to improve, resulting in enhanced coverage of debt and expenditures



Year ending March 31

Sources: Ontario Tech and Moody's Investors Service

We expect that these levels will continue to gradually improve, although at a modest pace, as debt levels decline while liquidity improves from anticipated modest operating surpluses. The liquidity portfolio including reserves will continue to support the university's efforts in making moderate, internally financed investments in campus infrastructure, and provides a buffer against fiscal challenges from provincial tuition constraints and the coronavirus pandemic.

The internally financed investments include capital projects financed through reserves instead of taking on new debt, and the university has been successful in the past with similar financing strategies, with the goal of replenishing reserves following internal draws. In our view the liquidity profile will continue to support the university's efforts in making similar investments in campus infrastructure. The university also maintains a CAD17 million operating line of credit which remains undrawn.

### Improving enrolment numbers including growing share of international students

Following stagnant enrolment growth over several years, Ontario Tech recorded enrolment gains in 2020-21 and 2021-22, and we expect gradual full-time equivalent (FTE) growth in 2022-23 and the following several years. FTE student enrolment was 9,538 in 2021-22, up from 8,970 in 2019-20. Domestic enrolment growth above the population growth, coupled with rising international student demand – supported by favourable federal policies - have both contributed to strong enrolment numbers.

The university has a niche market position as a career-oriented institution focused on engineering and applied sciences in the Greater Toronto Area, and benefits from its recent rebranding efforts. The university's focus is heavily weighted on undergraduate students, with graduate students representing only 8% of FTE students in 2021-22, although the share of graduate students which typically represent higher revenue students, continues to slowly increase.

While in the past the university has been less aggressive in recruiting international students than other Canadian universities, its long-term strategic plan includes growing the international student population to be closer to the Canadian sector average of 18% over the next few years. Since international student fee increases are not subject to provincial constraints, enrolment growth would be favourable for revenue generation. While we view the university's growth plan as ambitious, the relative share of international students already increased to 10.0% in 2021-22 from 7.2% in 2019-20. The lower current share of international students allows Ontario Tech to capitalize on faster international enrolment growth than peer universities.

Further, favourable Canadian federal immigration rules and student visa requirements allow foreign students to complete a significant portion of their studies online and abroad before moving to Canada. Although visa processing has been affected by the large number of applications following the re-opening of Canada's borders, creating delays and a backlog, we expect the backlog will be cleared in the coming year.

Ontario Tech also has strong partnerships with a number of academic institutions in Ontario which benefits student demand, particularly with Durham College which provides diploma-to-degree opportunities between the two institutions. Ontario Tech also has joint programs with several institutions including Trent University, which has a campus in Oshawa, as well as with Seneca College, which has campuses located in the Greater Toronto Area.

The university is also an increasingly attractive space for research, with increased commitments from the federal and provincial governments including higher levels of Tri-Council funding and provincial funding for intellectual property and electric and autonomous vehicle research continues to support the growth in research grants. In addition, partnerships with several large corporations in the region for in-kind research collaborations including for the university's climatic wind tunnel, while they do not contribute to revenues, enhance the university's research profile and reputation.

#### **Fiscal pressures from the lingering impacts of the pandemic, elevated inflation and provincial funding constraints**

The lingering impacts of the coronavirus pandemic have created near-term and manageable fiscal challenges for Ontario Tech, especially in ancillary revenues including parking and food services. The university also faces cost escalation pressures from rising salaries and benefits which currently make up nearly 60% of total expenses, and therefore represent a key driver of expense increases. In the current high inflationary environment, Ontario Tech – similar to peers – could see upward pressure on expenses as expiring collective agreements are renewed and unionized workers expect higher salary increases.

Provincially mandated freezes in domestic tuition rates also contribute to operating pressures. The provincial government continues to mandate a freeze in domestic tuition rates for 2022-23 which already follows two years of similar freezes on top of a mandated 10% fee reduction in 2019-20. The mandated restrictions weaken Ontario Tech's ability to generate revenue from tuition or to offset other revenue or expense pressures. Additionally, although currently deferred due to the pandemic to 2024-25, the province expects to transition its operating grants to reflect a greater emphasis on performance metrics, which could create volatility in government grants in the future.

Nevertheless, the university maintains very high EBIDA margins of approximately 20% which reflects own effort expense controls including recent salary reductions, temporary layoffs, staff work load reductions, delayed hires and terminations of part-time contracts.

#### **Limited capacity to expand or retrofit physical infrastructure**

The university's ability to increase revenues is also constrained by physical capacity limitations given limited available space and resources to expand significantly, limiting necessary reinvestment in infrastructure and a key constraint in the university's financial policy and strategy. Although the coronavirus pandemic has temporarily halted the requirement for expansions, major capital expansions (including through adjacent lands) would require significant cash reserves.

At the same time, the pandemic has accelerated Ontario Tech's ongoing efforts to retrofit existing buildings to meet the demands of combining in-person teaching with digital and online technology, which will put further strain on capital needs. However, the university has implemented a flexible work arrangement for some of its staff which will alleviate part of the demand for office space.

The university has limited available reserves to fund major new capital projects without incurring new debt or substantial new government capital grants. In the absence of these funding sources, the likelihood of material campus expansion over the next few years is low.

#### **Weaker fundraising capacity than peers**

Relative to its more established peers, Ontario Tech has limited ability to raise significant fundraising revenue, as it does not yet have a large alumni and donor pool to draw donations from. The lack of significant fundraising capacity limits the growth in endowment balances, and reflects the university's weaker brand name and strategic position relative to peers and a greater reliance on other revenue sources to fund initiatives. While the endowment portfolio grew in 2021-22 to CAD24.9 million, it remains small relative to most peers.

The university initiated its first official fundraising campaign in 2017, and following a more challenging fundraising environment during the pandemic, we expect to see some growth in donation revenues in the subsequent years.

### **Extraordinary support considerations**

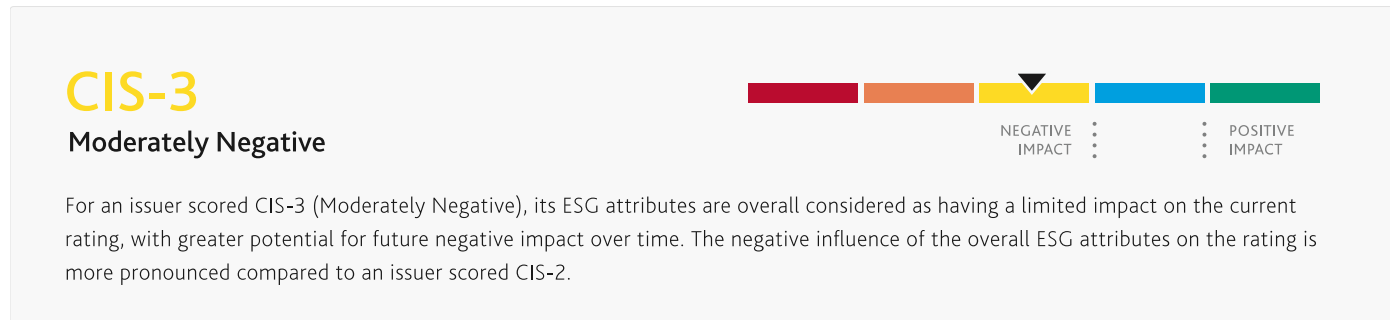
Moody's assigns a 'high' likelihood of extraordinary support provided by the Province of Ontario in the event that the university faced acute liquidity stress. Durham College of Applied Arts and Technology provides a guarantee to Ontario Tech's 2004 senior unsecured debenture. As colleges in Ontario face stronger regulation than universities, and are therefore closer to the province, the guarantee provides for a stronger level of extraordinary support for Ontario Tech, if the university were to face acute liquidity pressure, than other universities in the province.

## ESG considerations

### Ontario Tech's ESG Credit Impact Score is Moderately Negative CIS-3

Exhibit 4

#### ESG Credit Impact Score



Source: Moody's Investors Service

Ontario Tech's moderately negative (**CIS-3**) ESG Credit Impact Score reflects its low-to-neutral exposure to environmental risks, moderately negative exposure to social risks, and a low-to-neutral governance profile.

Exhibit 5

#### ESG Issuer Profile Scores



Source: Moody's Investors Service

#### Environmental

Ontario Tech's E issuer profile score is neutral-to-low (**E-2**). The university is not subject to material environmental risks. While it owns land and buildings which may be subject to environmental risks (e.g., asbestos in older buildings or clean-up following construction), these risks are modest and the university proactively manages them through its operations and facilities maintenance.

#### Social

Ontario Tech's S issuer profile score is moderately negative (**S-3**). The university faces weak demographic trends in Ontario from the typical university age domestic population which places some downward pressure on demand. In addition, physical infrastructure constraints and budget constraints limit the number of provincially funded students. Provincial funding policies designed to address affordability, both on tuition setting and support to students, also present moderate risks.

#### Governance

Ontario Tech's G issuer profile score is low-to-neutral (**G-2**). The university's organizational structure is typical of Canadian universities, allowing for ease of funding from the provincial government as well as funding allocations between the university's departments. Each faculty is responsible for developing its own budget and adhering to self-imposed revenue and expense targets. Governance is strong with prudent oversight from the Academic Council and Board of Governors.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Rating methodology and scorecard factors

The assigned baseline credit assessment (BCA) of a3 is close to the scorecard indicated outcome of a2. For details of our rating approach, please refer to the [Higher Education](#) (August 2021) and [Government-Related Issuers](#) (February 2020) methodologies.

Exhibit 6

### Ontario Tech

Scorecard Factors and Sub-factors	Value	Score
<b>Factor 1: Scale (15%)</b>		
Adjusted Operating Revenue (USD Million)	162	A
<b>Factor 2: Market Profile (20%)</b>		
Brand and Strategic Positioning	Baa	Baa
Operating Environment	A	A
<b>Factor 3: Operating Performance (10%)</b>		
EBIDA Margin	21%	Aa
<b>Factor 4: Financial Resources and Liquidity (25%)</b>		
Total Cash and Investments (USD Million)	139	Aa
Total Cash and Investments to Operating Expenses	0.9	Aa
<b>Factor 5: Leverage and coverage (20%)</b>		
Total Cash and Investments to Total Adjusted Debt	0.9	A
Annual Debt Service Coverage	2.0	Aa
<b>Factor 6: Financial Policy and Strategy (10%)</b>		
Financial Policy and Strategy	Baa	Baa
Scorecard-Indicated Outcome		a2
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 7

Category	Moody's Rating
<b>UNIVERSITY OF ONTARIO INSTITUTE OF TECHNOLOGY</b>	
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

### DBRS Morningstar

December 22, 2022

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### Ratings

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

### Rating Update

On November 30, 2022, 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 (the Debentures) rating at A (low). Both trends are Stable. In recent years, the University's credit profile has been supported by a strengthening academic profile; ongoing student demand for its science, technology, engineering, and mathematics (STEM) program offerings; positive operating results; and debt reduction. However, Ontario Tech's limited financial flexibility constrains the ratings, as represented by DBRS Morningstar's calculation of expendable resources. In addition, the current operating environment, given constrained funding and tuition frameworks, remains a challenge for all public universities in the Province of Ontario (Ontario or the Province; rated AA (low) with a Stable trend by DBRS Morningstar).

Ontario Tech reported a surplus of \$12.4 million in 2021–22 (compared with a surplus of \$15.1 million in 2020–21) as revenue growth from higher-than-forecast enrolment and nonrecurring specific government grants mitigated Coronavirus Disease (COVID-19) pandemic-led operating pressures.

The University is forecasting balanced results in 2022–23. Total enrolment is favourable against target. International student demand remains strong; although, visa issues prevented many international students from arriving in Canada, resulting in negative variance from budget (six months ended September 30, 2022). At the same time, first-year international intake declined against target and will likely weigh on total enrolment over the remainder of the course/program. The ongoing freeze on domestic tuition fee increases and intense competition for domestic students could pressure domestic enrolment in the coming years.

In line with DBRS Morningstar's forecast at the time of the previous review, the debt per full-time equivalent (FTE) ratio remains elevated at more than \$21,000 per FTE following the addition of \$25.0 million bank loan related to the construction of the Shawenjigewining Hall. DBRS Morningstar estimates debt will remain elevated at this level through the near to medium term, before gradually declining thereafter as existing debt amortizes. Although DBRS Morningstar views Ontario Tech's debt burden as elevated among Ontario universities, it acknowledges the unique circumstances surrounding the debt,

reflecting a policy decision made by the Province at the time of establishing the University. While the legal obligation rests with the University and provincial grants flow through Ontario Tech, only about one-fifth of the debenture debt is serviced through general operations of the University.

DBRS Morningstar notes the ratings are placed comfortably within the current rating category. However, sustained positive operating results and debt reduction, together with favourable resolution of operating and policy uncertainty, could lead DBRS Morningstar to consider changing the trend to Positive. Though unlikely, DBRS Morningstar could lower the ratings if there is a significant and sustained deterioration in operating outlook and, thereby, the University's financial risk assessment.

### Financial Information

	For the year ended March 31				
	2022	2021	2020	2019	2018
Operating result (adjusted, CAD millions)	12.4	15.1	(2.6)	6.9	15.4
Debt per FTE (CAD)	21,342	19,898	21,796	22,682	23,363
Expendable resources to debt (%)	25.1	11.4	11.3	17.3	13.6
Interest coverage ratio (times)	3.0	2.7	2.0	2.5	3.1
Surplus-to-revenue (five-year rolling average) (%)	4.4	4.5	3.4	4.5	5.0

### Issuer Description

Ontario Tech is 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 more than 9,500 FTEs. Ontario Tech has developed a strong reputation for its STEM programming and industry partnerships.

### Rating Considerations

#### Strengths

##### 1. 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 branding/visibility.

##### 2. Provincial Support

Universities are stable institutions and a critical component of the public sector. Access to high-quality postsecondary education remains a priority for the Province. As such, universities in Ontario and across Canada benefit from stable and consistent revenue sources. Government grants and tuition fees typically account for around 85% of revenue for Ontario Tech.

##### 3. Effective financial management practices

Financial management practices have improved significantly over the past several years. The University has developed effective budget and planning processes, improved internal and external reporting, and made its operations more effective and cost efficient.

#### *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. Constrained policy environment and 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 and has effectively frozen domestic tuition since that year. Core operating grants have remained flat since 2017-18. This limits the University's ability to increase revenue to meet rising costs.

#### *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 have outpaced provincially controlled revenue growth for many DBRS Morningstar-rated universities. Ontario Tech has less operational flexibility to adjust to the constrained operating environment than larger, more established universities.

#### *3. Limited balance sheet flexibility*

Ontario Tech incurred losses for several years after its establishment in 2002, resulting in an accumulated deficit and a negative net-asset position. Over the last several years, net assets have remained supported by positive operating results. Nevertheless, as a relatively 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. Sizable debt burden*

Ontario Tech has the highest debt burden among DBRS Morningstar-rated Ontario universities at \$21,342 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-fifth of its debenture debt with general operations (e.g., unrestricted operating grants and tuition fees). More recently, the University added an unsecured bank loan (in the form of an interest rate swap with fair value as at F2022 of \$23.5 million).

### **Operating Performance**

#### **The 2022–23 Budget and Interim Forecast**

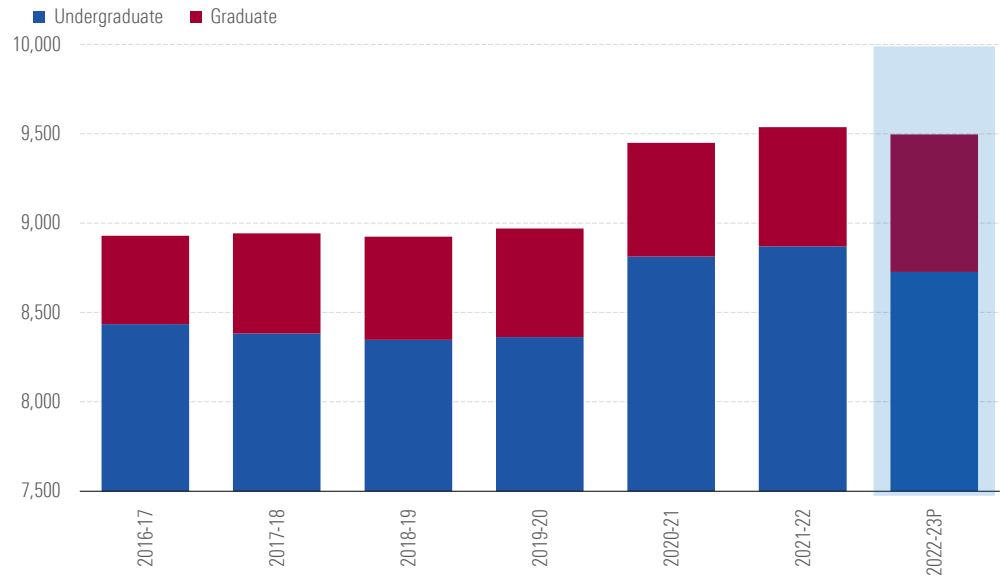
The University uses an incremental budget model and prepares its budget on a modified cash basis. The budget's scope differs somewhat from that of the audited financial statements, but variances between bottom-line results are clearly identified.

Based on the most recent financial update (six months ended September 30, 2022), Ontario Tech is forecasting balanced results in 2022–23. The University anticipates budgeted revenue to increase by 11.8% to \$214.6 million relative to the previous budget. At the same time, expenses are budgeted to rise to \$213.6 million, up 11.3% from the prior budget. Instruction costs remain the largest expense contributor (40% of total revenue in 2022–23).

Total enrolment increased against target. Domestic enrolment grew and the University noted stronger-than-anticipated increases in returning students. Based on September 2022 data from Ontario Universities' Application Centre, in-province demand for Ontario Tech's undergraduate programs was strong, with year-over-year (YOY) growth in high school applications (+33.1% to roughly 10,700) and confirmations (+15.8%). On the other hand, all other undergraduate applications were up by 4.2% YOY to about 1,600 but confirmations declined by 7.4%. Despite ongoing international student demand, visa issues prevented many international students from arriving in Canada resulting in negative variance from budget year to date. As such, first-year international intake declined against target and will likely weigh on total enrolment over the remainder of the course/program. Notwithstanding, the University expects international enrolment will rebound as travel issues are resolved. The University increased tuition fees for international undergraduate students in line with prior years.

The provincial core operating grant is in line with the Province's funding formula under the Strategic Mandate Agreement with Ontario Tech. The University also received modest additional one-time grants to support virtual learning, student awards, coronavirus supports (deferred from the prior year), and facilities renewal. The University anticipates some savings to result from vacant positions.

Some of the University's ancillary operations (such as, bookstores and food services) is outsourced to external vendors. As ancillary revenue is set to gradually increase as on-campus activity resumes, any adverse impact on consolidated results in the interim should be limited.

**Exhibit 1** Enrolment (FTEs)

Source: DBRS Morningstar.

### Operating Outlook

The University's strategy, as outlined in the 2021–23 Integrated Academic-Research Plan, identifies four areas of focus: creating a sticky campus, learning reimagined, tech with a conscience, and partnerships. To this end, Ontario Tech will provide increased supports to all stakeholders (students, staff, industry partners, etc.) to create a cohesive education framework that is focused on research and innovation, adaptability to an evolving operating environment, equity and inclusion in learning, teaching and research, and an ongoing emphasis on technological/digital integration. Some specific initiatives include faculty additions, international student recruitment initiatives, financial aid/scholarships to students, and IT upgrades and facilities revitalization.

Ontario Tech will continue to aim for balanced budgets over the near to medium term. The ongoing freeze on domestic tuition fee increases and intense competition for domestic students could pressure domestic enrolment in the coming years. On the other hand, tuition revenue from international students continues to grow as a share of total revenue (estimated at roughly 15% of total revenue in 2022–23). Furthermore, the University continues to explore innovative avenues for student outreach and nontraditional learning for international students, such as, fully online microcredential programs for mature students looking to upskill while continuing to work in their native countries.

Over a longer term, the University expects the proportion of international students (as a share of total enrolment) will increase to around 15%. This target level is comparable with many other DBRS Morningstar-rated universities but well below the highs seen at some universities and colleges. At the same time, Ontario Tech anticipates the outlook for domestic enrolment should also begin to improve,

with favourable demographic projections for the GTA and as the University's strategic enrolment initiatives progress.

Ontario Tech's academic profile has improved over the past decade but has limited visibility outside the GTA. The University rebranded itself Ontario Tech University in 2019 and started to make changes to the campus to improve its attractiveness as a destination for students. The University continues to explore addition of new facilities, more student- and community-oriented spaces, and improved food services—although some delays because of the pandemic could persist. The University's reputation as a research university continues to improve, with Ontario Tech ranking among top universities despite a relatively limited track record compared with more established university peers.

#### **Auditor General of Ontario - 2022 Value-for-Money Audit**

The Auditor General of Ontario (AGO) recently completed a value-for-money audit of four Ontario universities. Below is a significantly condensed summary of the AGO's findings:

- The University's profitability benefits from a diverse and growing international student base and it has proactively reviewed and restructured its programming in response to consistent deficits in a specific faculty.
- Ontario Tech recently established debt guidelines, however, it does not prepare a separate capital budget or a formal capital debt policy. Further, it does not present projected cash flows to the board as part of the budget package—although Ontario Tech has indicated it monitors cash flows on a monthly basis.
- The University manages endowment and externally restricted funds using separate bank accounts and has sufficient liquid funds to cover related needs.
- The report noted that capital projects may not always have a comprehensive business case including a rigorous financial feasibility analysis presented to the Board when decisions about whether or not to proceed with a financial investment (and funding sources) are being made.
- Board governance is not aligned with best practices on size, composition and term limits. The AGO noted that the Board lacks critical competencies and presidential succession planning. The AGO observed that a key internal oversight function that would provide independent assurance that internal controls are operating effectively was absent.

While there is room for improvement, DBRS Morningstar believes these factors are already evident in its assessment of the University's overall financial health. DBRS Morningstar will continue to monitor how the University responds to the AGO's recommendations.

#### **The 2021–22 Results**

Ontario Tech reported a surplus of \$12.4 million in 2021–22, compared with a surplus of \$15.1 million in 2020–21. Ontario Tech generated positive consolidated results for a second consecutive year as revenue growth from higher-than-forecast enrolment and nonrecurring specific government grants mitigated pandemic-led operating pressures.



Total adjusted revenue increased (+5.6%) mainly driven by enrolment growth (+0.9%) and higher one-time government supports. Tuition revenue increased by 9.5% and is primarily supported by higher international enrolment growth and YOY increase in average international tuition fees. International students represented more than 9% of total headcount as at YE2022. International enrolment also benefitted from the execution of targeted international recruitments efforts. Domestic enrolment decreased 2.3% over the prior year but remains within the eligible corridor with the core operating grant unchanged in line with the current funding formula. The Province provided funding supports to the University including virtual learning, coronavirus support (deferred from the prior year), renovations and facilities renewal, and student outcomes. Revenue also benefitted from higher research grants (+18.8%), other student fees (+1.9%), and recovery in revenue from ancillary operations (+193.7%). These increases offset lower other revenue (-2.0%), amortization of deferred capital contributions (-5.0%), unrestricted donations (-43.4%), and interest income (-0.2%).

Total expense increased (+7.5%) led by instruction costs to support higher enrolment and spending related to the targeted government supports. Spending increased across most categories with increased activity on the campus, including salaries and benefits (+7.3%), supplies and expenses (+19.8%), student aid, financial assistance and awards (+12.4%), other expenses (+2.5%), and interest expense (+0.8%).

While still weaker than many Ontario universities, Ontario Tech's net asset position continues to improve through its efforts to strengthen the balance sheet. As at March 31, 2022, net assets were \$115.6 million (+12.5% YOY).

### **Capital**

Capital investment was \$20.9 million in F2022, compared with \$29.8 million in the prior year. The University's major projects (the Automotive Centre of Excellence (ACE) Enhancement Project, and a new academic and student building (Shawenjigewining Hall)) are complete, despite temporary delays owing to supply chain issues and some cost overruns in the ACE project. The University continues to make investments in IT and facilities to accommodate flexible hybrid learning and work environment.

Ontario Tech does not contemplate any major capital projects over the medium term, but will continue to expand its presence in downtown Oshawa as it moves from leased space to University-owned properties; reimagines use of space to accommodate anticipated enrolment growth in future years; and creates a broader proportion of programming that is delivered virtually. Ontario Tech will seek to consolidate leased spaces in downtown Oshawa to develop a dedicated academic hub.

Including deferred maintenance, the University anticipates investments of up to \$2.5 million annually toward refurbishing/renovation/upgrade of existing infrastructure. As the University grows, there are options to extend several of the existing facilities. For instance, the new Shawenjigewining Hall currently has a shelled top floor, which if expanded, will add 12,000 square feet of space at an additional cost of \$4 million. Currently, the University is developing a longer-term deferred maintenance and space management plan.

In recent years, Ontario Tech's capital reserve depleted as certain large projects progressed (Software and Informatics Research Centre and Shawenjigewining Hall). The University anticipates it will use current reserves, donations and grants if further capital opportunities arise. Over the longer term, however, financial sustainability and rebuilding of reserves remains a key priority for the leadership team.

Ontario Tech's deferred maintenance needs are limited because most buildings were built in the 2000s. The University estimated (in November 2021) that more than 60% of the building infrastructure is in great condition. Although still small, deferred maintenance needs are likely to grow over time as existing infrastructure ages, with the University anticipating roughly \$14 million deferred maintenance by 2040.

As at fiscal YE2022, the University estimated DM of \$2.5 million and an overall facilities condition index of 0.009, which is considered very manageable. Ontario Tech intends to allocate around \$2.0 million for DM spending—funded by the Province's Facility Renewal Program. Taken together with \$85 million planned new construction over the next two decades, the University will look to set aside nearly \$3.5 million annually in the form of DM reserves and capital reserves.

### **Debt and Liquidity**

Ontario Tech's total adjusted debt was \$203.5 million as at YE2022, up from \$188.0 million for the prior fiscal year. On a per-student basis, this equates to roughly \$21,342 per FTE and is the highest among DBRS Morningstar-rated universities. The University's debt comprises \$144.6 million in amortizing Debentures, \$35.3 million in capital leases, \$23.5 million interest rate swaps, and \$0.2 million in other long-term debt. Ontario Tech's debt will continue to amortize between roughly \$7.0 million to \$9.0 million annually.

Although DBRS Morningstar views Ontario Tech's debt burden as elevated among Ontario universities, it acknowledges the unique circumstances surrounding the debt reflecting a policy decision made by the Province at the time of establishing the University. While the legal obligation rests with the University and provincial grants flow through Ontario Tech, the Province is effectively servicing more than 80% of the Debentures. The Province provides Ontario Tech a flat \$13.5 million annual restricted grant that covers more than 80% of the annual \$16.5 million requirement for principal and interest. Excluding this debt would yield a debt burden of \$85.3 million or \$8,940 per FTE (roughly in line with the average of DBRS Morningstar-rated Ontario universities).

The Province has provided Ontario Tech 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 at the Province's end. Nevertheless, DBRS Morningstar is confident the Province will continue to provide the grants until the debt is retired because of the importance of postsecondary education to the provincial government, the political consequences resulting from the failure of a publicly funded and regionally important university, and the grant's relatively small size in Ontario's broader financial context. While not an immediate concern, a material reduction in the grant would challenge the University's finances and put downward pressure on the credit profile.

Debt-servicing costs remain manageable at 6.1% of total expense. Interest coverage improved to 3.0x, compared with 2.7x in the prior year.

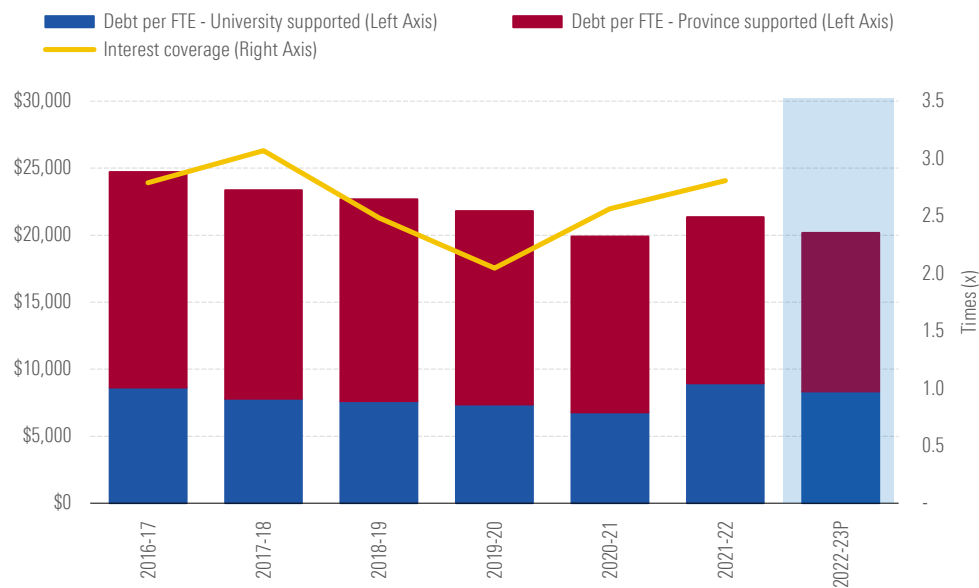
The University's balance sheet has improved significantly over the last 10 years, supported by ongoing effort to improve operating results, accumulation of reserves and financial management practices. Debt declined steadily over much of the past decade. Nevertheless, and consistent with the ratings, the University's balance sheet exhibits relatively less flexibility relative to many 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 assesses Ontario Tech's expendable resources to be \$51.0 million, or 25.1% of total debt outstanding at March 31, 2022. This is higher than the prior year (21.4 million, or 11.4% of outstanding debt at March 31, 2021). The University expects to use existing reserves to fund potential capital opportunities through the near to medium term. Over the longer term, the University anticipates expendable resources to be supported by positive operating results and as it sets aside capital reserves for future projects and financial sustainability.

The University maintains a \$17.0 million operating bank line with a major Canadian bank that was undrawn as of March 31, 2022. In September 2021, Ontario Tech also added a \$25.0 million nonrevolving construction loan with a Canadian chartered bank. This arrangement involves an interest rate swap that had a fair value of \$23.5 million as at F2022.

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

**Exhibit 2** Debt per FTE and Interest Coverage



Sources: Ontario Tech and DBRS Morningstar.

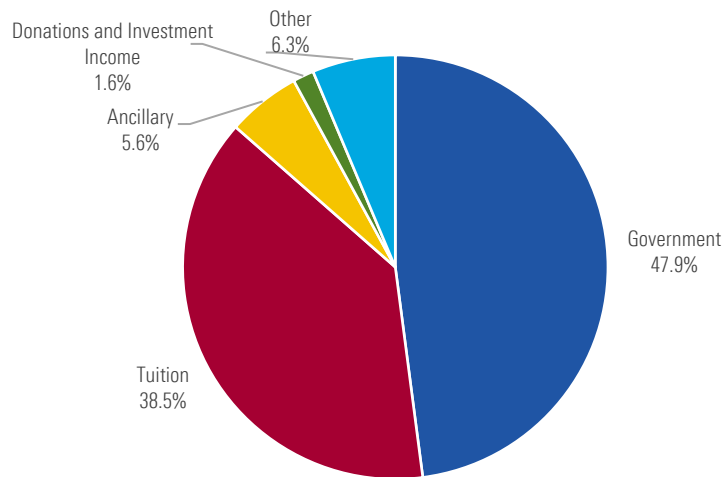
**Outlook**

In line with DBRS Morningstar's forecast at the time of the previous review, the debt per FTE ratio is elevated at more than \$21,000 per FTE following the addition of \$25.0 million bank loan related to the construction of the Shawenjigewining Hall. DBRS Morningstar estimates debt will remain elevated at this level through the near to medium term, before gradually declining thereafter as existing debt amortizes.

**University Funding in Ontario**

Canadian universities in the Province 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 more than 88% of total revenue in 2021–22, which is comparable with other DBRS Morningstar-rated universities.

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

**Exhibit 3** Revenue Breakdown (2021–22)

Source: DBRS Morningstar.

### **Government Funding (Provincial and Federal; 47.9%)**

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

The Province and universities have signed new Strategic Mandate Agreements (SMA) that establish performance-based funding targets for the 2020–21 to 2024–25 fiscal years. This is a change from the previous enrolment-oriented funding model. SMA3 will include a set of 10 performance metrics, with funding consequences if the University does not meet the negotiated performance targets. In light of pandemic-led operating pressures and the need for funding stability, SMA3 funding remains decoupled from performance targets for the time being.

Research and capital grants 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. Since the announcement of the global coronavirus pandemic in March 2020, the federal and provincial governments have provided additional funding for financial assistance to students and universities to offset some pandemic-related costs.

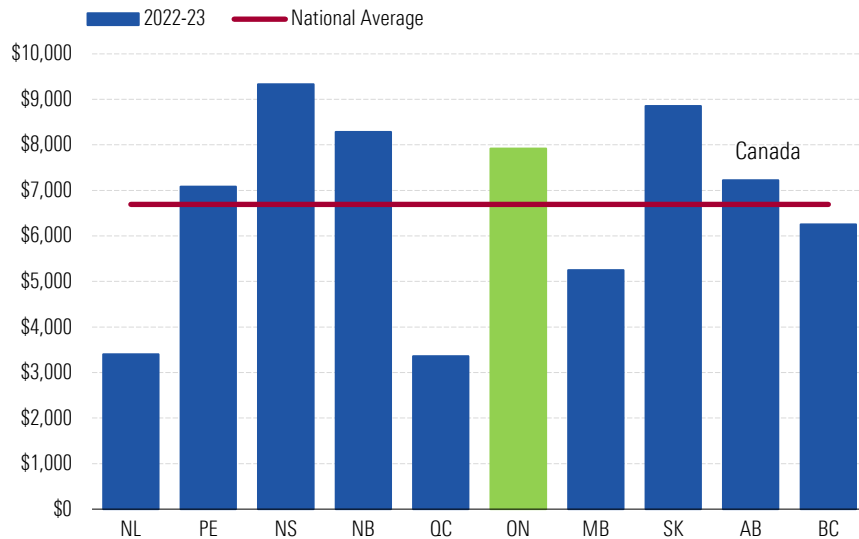
### **Tuition (38.5%)**

On January 17, 2019, the Province announced a revised tuition fee framework for regulated domestic programs at Ontario universities and colleges. The framework required Ontario universities 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. The tuition freeze was

extended through the 2021–22 academic year. Although the tuition freeze continues into the 2022–23 year, universities are allowed to increase fees up to 5% for out-of-province students.

International student fees are not regulated by the Province and are generally set to recover the full costs of international student enrolment and may also provide some offset to revenue declines from the current domestic tuition freeze.

**Exhibit 4** Average Canadian Undergraduate Tuition Fees



Source: Statistics Canada.

**Donations and Investment Income (1.6%)**

Unrestricted donations and investment income, recognized on the statement of operations, represent a modest portion of the University’s total 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, fundraising efforts have been modest. Ontario Tech focuses on the local community and companies in the region that have a stake in the University. The University has an eight-year, \$50 million fundraising campaign under way. To date, the University has raised \$35.6 million in pledges and donations.

Ontario Tech’s endowment has risen steadily over the years and amounted to \$24.9 million, or \$2,613 per FTE as of March 31, 2022. This is relatively low in comparison with other DBRS Morningstar-rated universities.

## **Environmental, Social, and Governance (ESG) Credit Risk Considerations**

### **Environmental**

There were no environmental factors that had a relevant or significant effect on the credit analysis. For more details about which environmental factors could have an effect on the credit analysis, please refer to the following checklist.

### **Social**

There were no social factors that had a relevant or significant effect on the credit analysis. For more details about which social factors could have an effect on the credit, please refer to the following checklist.

### **Governance**

There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the following checklist.

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at <https://www.dbrsmorningstar.com/research/396929>.

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N**	Extent of the Effect on the ESG Factor on the Credit Analysis: None (N), Relevant (R) or Significant (S)*		
<b>Environmental</b>		<b>Overall:</b>	<b>N</b>	<b>N</b>
<b>Emissions, Effluents, and Waste</b>	Do we consider the costs or risks result, or could result in changes to an issuer's financial, operational, and/or reputational standing?			
<b>Carbon and GHG Costs</b>	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs?			
<b>Resource and Energy Management</b>	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?			
<b>Land Impact and Biodiversity</b>	Is there a financial risk to the issuer for failing to effectively manage land conversion, rehabilitation, land impact, or biodiversity activities?			
<b>Climate and Weather Risks</b>	Will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	<b>N</b>		<b>N</b>
<b>Social</b>		<b>Overall:</b>	<b>N</b>	<b>N</b>
<b>Social Impact of Products and Services</b>	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	<b>N</b>		<b>N</b>
<b>Human Capital and Human Rights</b>	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or operational impact?	<b>N</b>		<b>N</b>
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	<b>N</b>		<b>N</b>
	<b>Human Capital and Human Rights:</b>	<b>N</b>		<b>N</b>
<b>Product Governance</b>	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?			
<b>Data Privacy and Security</b>	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could result, in financial penalties or client attrition to the issuer?			
<b>Occupational Health and Safety</b>	Would the failure to address workplace hazards have a negative financial impact on the issuer?			
<b>Community Relations</b>	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	<b>N</b>		<b>N</b>
<b>Access to Basic Services</b>	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?			
<b>Governance</b>		<b>Overall:</b>	<b>N</b>	<b>N</b>
<b>Bribery, Corruption, and Political Risks</b>	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	<b>N</b>		<b>N</b>
	Are there any political risks that could impact the issuer's financial position or its reputation?	<b>N</b>		<b>N</b>
	<b>Bribery, Corruption, and Political Risks:</b>	<b>N</b>		<b>N</b>
<b>Business Ethics</b>	Do general professional ethics pose a financial or reputational risk to the issuer?	<b>N</b>		<b>N</b>
<b>Corporate / Transaction Governance</b>	Does the issuer's corporate structure limit appropriate board and audit independence?	<b>N</b>		<b>N</b>
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	<b>N</b>		<b>N</b>
	<b>Corporate / Transaction Governance:</b>	<b>N</b>		<b>N</b>
<b>Institutional Strength, Governance, and Transparency</b>	Compared with other governments, do institutional arrangements provide a higher or lesser degree of accountability, transparency, and effectiveness?			
	Are regulatory and oversight bodies insufficiently protected from inappropriate political influence?			
	Are government officials insufficiently exposed to public scrutiny or held to insufficiently high ethical standards of conduct?			
	<b>Institutional Strength, Governance, and Transparency:</b>			
<b>Consolidated ESG Criteria Output:</b>		<b>N</b>		<b>N</b>



**Statement of Operations (Adjusted)**

(CAD thousands)	For the year ended March 31				
	2022	2021	2020	2019	2018
<b>Revenues</b>					
Student tuition fees	87,109	79,533	77,110	80,152	78,266
Other student fees	11,971	11,742	14,455	12,546	13,466
Government operating grants	70,671	67,221	64,046	63,768	61,786
Research grants	15,017	12,638	11,246	10,444	10,467
Debenture grant	13,500	13,500	13,500	13,500	13,500
Unrestricted donations	1,591	2,809	1,865	1,573	1,934
Interest income	1,130	1,132	1,586	1,520	1,166
Amortization of deferred capital contributions	9,131	9,612	9,559	9,238	9,036
Ancillary operations	679	231	3,265	3,734	3,600
Other revenue	15,176	15,481	14,093	15,136	19,107
<b>Total Revenues</b>	<b>225,974</b>	<b>213,899</b>	<b>210,726</b>	<b>211,610</b>	<b>212,328</b>
<b>Expenses</b>					
Salaries and benefits	121,527	113,243	114,363	106,246	97,530
Student aid, financial assistance, and awards	14,296	12,720	12,839	12,479	11,478
Supplies and expenses	27,888	23,281	30,760	31,081	31,608
Amortization of capital assets	23,000	23,090	23,752	23,676	23,730
Interest expense	13,033	12,930	13,443	13,862	14,317
Other expenses	13,826	13,491	18,125	17,398	18,268
<b>Total Expenses</b>	<b>213,569</b>	<b>198,755</b>	<b>213,283</b>	<b>204,743</b>	<b>196,931</b>
<b>Operating Surplus (Deficit), as Reported</b>	<b>12,405</b>	<b>15,144</b>	<b>(2,557)</b>	<b>6,867</b>	<b>15,396</b>
<b>Capital Expenditures</b>	<b>20,885</b>	<b>29,800</b>	<b>28,535</b>	<b>16,351</b>	<b>25,139</b>

**Statement of Financial Position (Adjusted)**

(CAD thousands)	As at March 31				
<b>Assets</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Cash and short-term investments	86,443	53,127	49,392	62,161	52,195
Receivables	14,719	18,002	17,727	15,901	15,705
Inventories and prepaid expenses	2,165	2,182	2,328	2,300	1,861
Long-term investments	33,523	31,947	26,137	26,809	25,682
Capital assets	403,864	405,979	396,613	392,097	399,588
Other assets	1,719	1,810	-	-	-
<b>Total Assets</b>	<b>542,433</b>	<b>513,047</b>	<b>492,197</b>	<b>499,268</b>	<b>495,030</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Payables and accrued liabilities	30,488	32,995	27,506	29,614	25,821
Deferred revenue	32,174	28,244	22,206	20,300	19,580
Long-term debt	168,279	151,845	158,532	164,820	170,744
Capital lease obligations	35,261	36,174	36,954	37,596	38,167
Deferred capital contributions	160,591	161,008	162,196	161,099	162,549
<b>Total Liabilities</b>	<b>426,793</b>	<b>410,266</b>	<b>407,395</b>	<b>413,430</b>	<b>416,861</b>
<b>Net Assets</b>					
Unrestricted net assets	21,776	1,230	4,504	3,264	(1,296)
Internally restricted net assets	29,215	20,127	17,589	31,786	29,811
Equity in capital assets	39,733	57,074	39,174	28,946	28,613
Endowment—externally restricted	24,916	24,350	23,536	21,843	21,040
Total net assets	115,640	102,781	84,803	85,839	78,169
<b>Total Liabilities and Net Assets</b>	<b>542,433</b>	<b>513,047</b>	<b>492,197</b>	<b>499,268</b>	<b>495,030</b>
<b>Contingencies and Commitments</b>					
Operating lease obligations	6,744	8,473	10,197	11,915	13,634

**Calculation of Free Cash Flow (Adjusted)**

(CAD thousands)	For the year ended March 31				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Operating balance as reported	12,405	15,144	(2,557)	6,867	15,396
Amortization	23,000	23,090	23,752	23,676	23,730
Other noncash adjustments	(9,430)	(15,637)	(7,125)	(9,981)	(9,502)
<b>Cash Flow from Operations</b>	<b>25,975</b>	<b>22,597</b>	<b>14,070</b>	<b>20,563</b>	<b>29,624</b>
Change in working capital	4,723	11,398	(2,055)	3,878	(12,039)
<b>Operating Cash Flow After Working Capital</b>	<b>30,698</b>	<b>33,995</b>	<b>12,015</b>	<b>24,441</b>	<b>17,586</b>
Net capital expenditures <sup>1</sup>	(12,172)	(22,336)	(17,879)	(8,562)	(18,136)
<b>Free Cash Flow</b>	<b>18,526</b>	<b>11,660</b>	<b>(5,864)</b>	<b>15,879</b>	<b>(550)</b>

<sup>1</sup> Gross capital expenditures less restricted/deferred contributions for capital purposes received during the year.

**Summary Statistics (Adjusted)**

	For the year ended March 31				
	2022	2021	2020	2019	2018
<b>Total Students (FTEs)</b>	<b>9,537</b>	<b>9,449</b>	<b>8,969</b>	<b>8,924</b>	<b>8,942</b>
Undergraduate (%)	93	93	93	94	94
Graduate (%)	7	7	7	6	6
Annual change (%)	0.9	5.4	0.5	-0.2	0.1
<b>Enrolment (Headcount)</b>	<b>10,900</b>	<b>10,674</b>	<b>10,390</b>	<b>10,348</b>	<b>10,273</b>
Domestic (%)	91	93	93	94	94
International (%)	9	7	7	6	6
<b>Operating Results</b>					
Surplus (deficit; CAD thousands)	12.4	15.1	-2.6	6.9	15.4
- As % of revenue	5.5	7.1	(1.2)	3.2	7.3
- As % of revenue (five-year rolling average)	4.4	4.5	3.4	4.5	5.0
<b>Revenue Mix</b>					
Government funding (federal and provincial; %)	47.9	48.1	46.7	45.8	44.6
Student fees (%)	38.5	37.2	36.6	37.9	36.9
Ancillary (%)	5.6	5.6	8.4	7.7	8.0
Donations and investment income (%)	1.6	4.2	1.6	1.7	1.6
Other (%)	6.3	4.9	6.7	6.9	8.9
<b>Debt and Liquidity</b>					
Total long-term debt (CAD millions)	203.5	188.0	195.5	202.4	208.9
- Per FTE student (CAD)	21,342	19,898	21,796	22,682	23,363
Interest costs as share of total expense (%)	6.1	6.5	6.3	6.8	7.3
Interest coverage ratio (times)	3.0	2.7	2.0	2.5	3.1
Expendable resources (CAD millions)	51.0	21.4	22.1	35.0	28.5
As a share of long-term debt (%)	25.1	11.4	11.3	17.3	13.6
<b>Endowments (Market Value)</b>					
Total market value (CAD millions)	24.9	24.4	23.5	21.8	21.0
Per FTE student (CAD)	2,613	2,577	2,624	2,448	2,353
Annual change (%)	2.3	3.5	7.7	3.8	7.3

### Rating History

Issuer	Debt	Current	2021	2020	2019	2018	2017
University of Ontario Institute of Technology	Issuer Rating	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)
University of Ontario Institute of Technology	Series A Senior Unsecured Debentures	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)

### Related Research

- *Rating Public Universities*, May 5, 2022.
- *Corporate Risk Assessment Scorecard for Public Universities*, April 8, 2022.
- *DBRS Morningstar Canadian University Peer Comparison Table*, April 8, 2022.
- *University Applications Grow in Ontario — What Does it Mean for Enrolments?* February 28, 2022.

### Previous Report

- University of Ontario Institute of Technology: Rating Report, December 16, 2021.

#### 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.dbrsmorningstar.com](http://www.dbrsmorningstar.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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