Presentation to:	Board of Governors
Subject:	2011/12 3rd Quarter Financial Report and Funded Positions
Date:	February 13, 2012
Presenter(s):	Duane McNair, Vice-President, Administration

Purpose

To present the 2011/12 3rd Quarter Financial Report including a Summary of Funded Positions.

Background

On April 11, 2011, the Board of Governors approved the 2011/12 Annual Budget with a net cash flow of $1 million and a net contribution after Generally Accepted Accounting Principles (GAAP) adjustments and expenditures from internally Restricted funds of $1.7 million.

When the budget is approved each spring, there are many unknown factors affecting the revenue and expenditure projections that must be estimated. The quarterly financial reporting process provides the Board with updated forecasts based on the most current information as well as updated projections for the fiscal year end results.

Discussion/Considerations

Q3 Financial Projection

This financial report reflects the projected revenue and expenditures using the most current information available from vice-presidents, deans, directors, chairs and managers throughout the College. The Q2 projections presented on November 14, 2011 showed a net cash flow of $3.7 million. Since then the forecast for the year end cash flow has improved further to $6.8 million primarily due to a net decrease in expenditures.

Further details explaining the variances can be found on pages 5, 7 and 9 of the 3rd Quarter Financial report attached.

Revenue Outlook

The revenue forecast was increased during the Q2 period and has been significantly reduced in Q3 primarily due to updated forecasts related to the capital projects such as the OFA loan proceeds and the Student Association contribution to the new Student Commons building. There is also a

corresponding decrease in expenditures for these capital projects.

The year-end revenue forecast is estimated to be $5.7 million lower than estimated in the Approved Budget presented in April 2011. This is comprised of increased revenue for grants and investment income and decreases in all other revenue lines including tuition fees, contract revenues, ancillary fees, International Education Centre and capital revenues.

Expenditures Outlook

A current estimate for Q3, based on an analysis of actual expenditures, confirms the Q2 forecast indicating that that some budgets are highly likely to achieve in-year savings. These savings have been updated in the revised expenditure forecasts.

Salaries and benefits is forecast to be $3.6 million lower than the approved budget and $0.3 million lower than projected in Q2 due to various reasons including lower enrolment, vacancies, sick leave and the labour disruption. The Q3 Funded Positions Report is also attached to the 3rd Quarter Financial Report which shows current staffing levels in comparison to the approved budget positions.

Internally Restricted Funds

At the time the budget was approved, final results for 2010/11 were not yet known; year-end net asset balances were subsequently determined and a portion of the net assets were allocated to fund various projects and initiatives in support of the strategic plan and objectives under the Multi-year Accountability Agreement.

The approved expenditures from internally restricted funds in the 2011/12 Annual Budget totaled $9.2 million (including $6.3 million from the Reserve Funds to complete construction of the Perth and Algonquin Centre for Construction Excellence facilities).

On June 13, 2011, the Board of Governors approved the 2010/11 Financial Statements which included authority to spend an additional $7.8 million from Internally restricted funds. In total for 2011/12, the Board gave authority to spend $17 million from internally restricted funds.

Current estimates indicate that approximately $4.5 million including $2.2 million for capital projects may remain unused at year-end. The unused budgets will remain in the internally restricted fund and will be reported in the year-end financial statements.

<u>Recommendation</u>

That the Board of Governors approves the report as presented.