

2019-20 **TRIMESTER 1** **REPORT**

May 1, 2019 to August 31, 2019



Executive summary

This report covers the period from May 1, 2019 to August 31, 2019.

The first trimester of 2019-20 reflects positive momentum and strong results thanks to the exceptional faculty, staff and community who have been investing themselves in Brock and the Institutional Strategic Plan. The campus is re-energized with a new cohort of students arriving for the new academic year, who are being welcomed by a dedicated community responsible for making Brock one of the top three comprehensive institutions in the country for student satisfaction according to Maclean’s magazine. The trajectory of Brock’s research enterprise is on the upswing with major investments made in research thanks to the hard work of our dedicated researchers and strong leadership for research support. We also welcomed a new Vice-Provost Indigenous Engagement to the Senior Administrative Council team during the first trimester, representing another major investment in Brock’s Institutional Strategic Plan to foster a culture of inclusivity, accessibility, reconciliation and decolonization.

Brock is indeed experiencing a wave of positive energy, which naturally translates into positive financial performance. Salient to this 2019-20 trimester one forecast is that our enrolment is trending with 465 students ahead of our target that was included in the Strategic Plan approved in November 2018. Furthermore, we are realizing success in our international student recruitment strategy that is also contributing to our positive financial performance. International tuition, not including ISP programs, has exceeded the 2019-20 budget target by \$7.4 million, an 18 per cent positive variance. The higher rate of tuition paid by international students provides a multiplier effect on our financial results when compared to domestic student enrolment. In total, our 2019-20 trimester one forecast, which focuses on revenue projections, is forecasting revenue to exceed budget by \$1.1 million inclusive of known reductions in operating grants of \$1.0 million. This outcome was earned with true courage and dedication from our community despite the significant financial constraints that were imposed on Brock, namely a 5 per cent revenue reduction in one fiscal year due to a 10 per cent domestic tuition fee reduction showing an impact of \$15.4 million and a \$1.0 million reduction in grant funding.

Through consultation of the University community, including faculty and staff, Senior Administrative Council, Senate and the Board of Trustees, Brock exercised wise financial planning by way of a budgeted \$4.0 million contingency within the 2019-20 operating budget. This reserve is currently uncommitted as of this forecast. With the unused contingency reserve and the forecasted \$1.1 million in excess revenue, Brock is on track to achieve the budget mitigation target of \$3.25 million and close the year with a balanced budget or better should other operating expenses come in on budget or better. The 2019-20 Trimester two report, including a full forecast of revenue and expense, will be prepared for the Board of Trustees at cycle three in March 2020. We do expect budgeted expenditures to trend under budget (favourable variance), namely on personnel costs where positions are budgeted but not yet filled, and as a result of enhanced hiring and position administration controls. The entire Brock community is to be acknowledged for managing through the largest tuition cut in post-secondary education in Ontario’s history.

Input and recommendations for future budget decisions are encouraged and may be emailed to budgetreport@brocku.ca

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This report contains certain forward-looking information. In preparing the Trimester 1 Report, certain assumptions and estimates were necessary. They are based on information available to management at the time of preparing the forecast. Users are cautioned that actual results may vary.

Throughout the text in this report, financial values have been rounded to the nearest thousand unless otherwise stated.

- Photo collage on page 3
- Clockwise from top left:
- Record number of first-year Badgers take in New Student Welcome.
 - François-Philippe Champagne, Minister of Infrastructure and Communities, announced the federal government’s financial contribution to the 2021 Canada Summer Games in Niagara during an event held Thursday, Sept. 5, 2019.
 - 2019-20 International Student Ambassadors.
 - MAY 14, 2019: Brock University President Gervan Fearon, left, met with the Governor General of Antigua, Sir Rodney Williams, to discuss the development of the Institute for Canada-Caribbean Studies.

Financial results

The following table illustrates the trimester one revenue forecast for the University compared to budget. The information is presented on a funding basis, which represents committed cash, and based on the audited financial statements prepared in accordance with accounting standards for not for-profit organizations (NFPS). A reconciliation of the two presentations can be found on page 18.

Figure 1

(\$000s)	2019-20 Forecast	Funding 2019-20 Budget	Difference better/(worse)	2019-20 Forecast	NFPS 2019-20 Budget	Difference better/(worse)
Revenue						
Student fees	183,977	181,566	2,411	183,977	181,566	2,411
Grant revenue	96,936	97,936	(1,000)	95,425	96,175	(750)
Internal chargebacks	8,681	8,679	2			-
Inter-fund revenue	4,924	4,924	-			-
Other revenue	51,134	51,492	(358)	75,169	75,527	(358)
Total revenue	345,652	344,597	1,055	354,571	353,268	1,303
Operating costs						
Personnel costs	(229,026)	(229,026)	-	(230,766)	(230,766)	-
Inter-fund expenses	(24,581)	(24,581)	-			-
Other operating costs	(91,715)	(91,715)	-	(118,843)	(118,843)	-
Contingency fund		(4,000)	4,000		(4,000)	4,000
Total operating costs	(345,322)	(349,322)	4,000	(349,609)	(353,609)	4,000
Mitigation target – identified savings	1,476	1,476	-			-
Mitigation target – required from in-year savings		3,249	(3,249)			-
Funding surplus/(deficit)	1,806	-	1,806	4,962	(341)	5,303

Operating costs were not forecasted as part of trimester one. As such, the 2019-20 budget was used.



JULY 2, 2019: Close to 50 first- and second-year students participated in this year's Child and Youth Studies Academic Boot Camp.



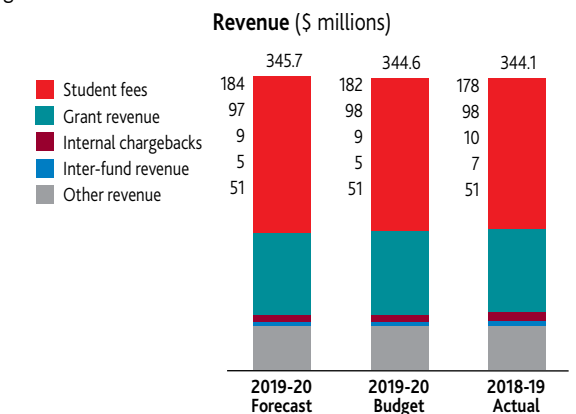
Taking a closer look at some of the numbers

Overview

The 2019-20 trimester one revenue forecast is \$345.7 million versus a budget of \$344.6 million, showing a \$1.1 million favourable variance. The 2019-20 budget was established to support the new Institutional Strategic Plan, while also mitigating government decisions to implement a 10 per cent domestic tuition reduction, ultimately resulting in a 2019-20 budget plan calling for a \$3.25 million mitigation target to be achieved in-year. Ongoing reductions to grant funding, which have been included in the trimester one forecast, have further reduced Brock's revenue projections, resulting in overall reductions of approximately 5 per cent (\$15.4M tuition reduction and \$1.0 million grant reduction for 2019-20). Considering the positive variance in student fees driven by positive enrolment results, the \$4.0 million contingency strategically set aside in the budget to address risks related to enrolment and grant estimates remains fully unencumbered. As such, the reductions in grants are fully offset by positive student fee variances. This outcome provides assurance that the 2019-20 budget is on track to end the year balanced or better. In other words, the 2019-20 approved budget deficit mitigation target of \$3.25 million offset by the projected revenue beat of \$1.1 million and the unencumbered contingency reserve of \$4.0 million suggests our operating results could post a modest surplus of \$1.81 million should all budgeted expenditures, not including the unencumbered contingency, be fully spent at year-end.

In the past, in-year savings and underspending have allowed us to mitigate forecasted shortfalls. We do expect budgeted expenditures to trend under budget (favourable variance), namely on personnel costs where positions are budgeted but not yet filled as a result of enhanced hiring and position administration controls. Any surpluses after fulfilling the mitigation target, would be allocated for strategic priorities as approved by the Senate and Board of Trustees through the Institutional Strategic Plan, including allocations to Faculties through the revenue and expense allocation model.

Figure 2



Review of overall revenue

The higher than budgeted revenue is driven by higher student fee revenue of \$2.4 million. Offsetting this positive variance is lower than budgeted grant revenue of \$1.0 million. Student fee revenues and grant revenues are discussed in the tuition and enrolment section and the operating grant section on the following pages.

Other revenue is forecast to be lower than budget by \$0.4 million, driven mainly Ancillary Services, with Parking Services showing \$0.2 million of the decline. Although Ancillary Services is forecasting lower revenue, it is not expected this lower revenue will impact the units' overall contribution as compared to budget as they are on track to mitigate this variance with offsetting expense reductions. Investment income forecast is on track at \$1.8 million, consistent with the budget.

JULY 1, 2019: Amos Key, Jr. started his role as Brock University's first Vice-Provost, Indigenous Engagement.





Tuition and enrolment

As detailed in Figure 3, overall forecasted student fee revenue is showing a positive variance to budget of \$2.4 million. Fee revenue represents \$0.1 million of the variance, mainly due to higher co-op fees. The remaining \$2.3 million is as a result of higher than budgeted tuition revenue. International student program (ISP) tuition saw a decrease of \$0.04 million compared to budget. A strong forecast from the Goodman School of Business IMBA program was offset by lower than budgeted tuition related to IMPAcc and PMPC programs and the Faculty of Education's MPCE and MEd programs. This was offset by higher than expected ESL tuition revenue of \$0.2 million. Goodman School of Business recently announced an expansion of its CPA accreditation to the International Master of Professional Accounting (IMPAcc), which is a significant achievement and will result in greater demand for the IMPAcc to address budgeted shortfalls in the future.

Figure 3: Student fee revenue by reporting unit

(\$000s)	2019-20 Forecast	2019-20 Budget	Difference better/(worse)	Listed below
Total tuition revenue in University Global	154,541	152,408	2,133	(1)
Tuition revenue budgeted in respective departments				
Professional Masters Preparation Certificate (Business) (PMPC)	742	795	(53)	(2)
International Masters Business Administration (IMBA)	10,530	9,436	1,094	(2)
International Master of Professional Accounting (IMPAcc)	1,345	2,050	(705)	(2)
Masters Preparation Certificate in Education (MPCE)	231	462	(231)	(3)
International Masters of Education (MEd)	1,564	1,706	(142)	(3)
International Master of Science in Materials Physics (MSc)	263	265	(2)	(5)
Total international student programs (ISP)s	14,675	14,714	(39)	
Continuing Teacher Education – Additional Qualifications (AQ)	661	689	(28)	(3)
Adult Education	886	867	19	(3)
Indigenous Education Programs	189	189		(3)
Intensive English Language Program (IELP)	4,027	4,027		(4)
Summer English Language Program (SELP)	714	500	214	(4)
Total other self-funded programs	6,477	6,272	205	
Tuition revenue in respective departments	21,152	20,986	166	
Total tuition revenue	175,693	173,394	2,299	
Fee revenue	8,284	8,172	112	
Total student fees	183,977	181,566	2,411	

Departments the tuition revenue is reported in: (1) University Global; (2) Goodman School of Business; (3) Faculty of Education; (4) Student Services; (5) Faculty of Mathematics and Science.

Global tuition is forecasted to be higher than budget by \$2.1 million. This favourable forecast is mainly a result of a successful international student recruitment plan exceeding target. As detailed in Figure 5, international tuition is forecast to beat budget by \$7.4 million (including the additional winter intake, related to undergraduate international students, budgeted in 2019-20); offset by lower than budgeted domestic tuition of \$5.3 million.

Note: Although Figure 5 details global tuition by Faculty of major, the revenue and expense allocation model, records tuition based on where student take their courses (i.e. teaching Faculty).

Figure 4

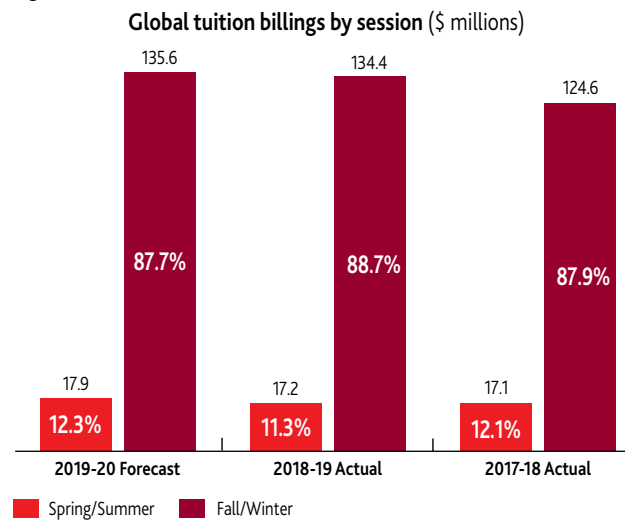


Figure 4 above details global tuition by session – spring/summer and fall/winter for the forecast and the past two years.

Figure 5: Tuition revenue budgeted in University Global

(\$000s)	2019-20 Forecast	2019-20 Budget	Difference better/(worse)
Undergraduate – domestic			
Faculty of Applied Health Sciences	23,339	24,872	(1,533)
Goodman School of Business	18,970	19,979	(1,009)
Faculty of Education	6,637	6,572	65
Faculty of Humanities	9,572	9,903	(331)
Faculty of Mathematics and Science	11,566	12,104	(538)
Faculty of Social Sciences and undeclared Arts	26,446	28,180	(1,734)
Other ⁽¹⁾	241	268	(27)
Total undergraduate – domestic	96,771	101,878	(5,107)
Graduate – domestic			
Faculty of Applied Health Sciences	1,577	1,606	(29)
Goodman School of Business	1,233	1,270	(37)
Faculty of Education	1,181	1,197	(16)
Faculty of Humanities	539	548	(9)
Faculty of Mathematics and Science	776	806	(30)
Faculty of Social Sciences	2,862	2,929	(67)
Total graduate – domestic	8,168	8,356	(188)
Total domestic	104,939	110,234	(5,295)
Undergraduate – international			
Faculty of Applied Health Sciences	3,624	2,969	655
Goodman School of Business	14,891	13,034	1,857
Faculty of Education	13	77	(64)
Faculty of Humanities	1,411	1,276	135
Faculty of Mathematics and Science	9,943	7,718	2,225
Faculty of Social Sciences and Undeclared Arts	15,773	11,929	3,844
Other ⁽¹⁾	62	61	1
Total undergraduate – international	45,717	37,064	8,653
Graduate – international			
Faculty of Applied Health Sciences	286	272	14
Goodman School of Business	962	836	126
Faculty of Education	88	87	1
Faculty of Humanities	344	322	22
Faculty of Mathematics and Science	1,287	1,182	105
Faculty of Social Sciences	918	861	57
Total graduate – international	3,885	3,560	325
Total international	49,602	40,624	8,978
Additional winter intake	-	1,550	(1,550)
Total tuition revenue in University Global	154,541	152,408	2,133

(1) Includes letter of permission, non-degree students and auditors.



JULY 18, 2019: An online 3D classroom will be part of English Professor, Martin Danahay's (centre) Life Writing course.

Brock's enrolment forecast has exceed the enrolment plan as defined in the Institutional Strategic Plan by 465 students. With the 19,867 forecasted level of enrolment, this represents a 4 per cent increase as compared to prior year 2018-19 enrolment. By way of comparison, enrolment last year over the 2017-18 enrolment levels increased by 1.5 per cent. This is a marked increase in enrolment thanks to our dedicated faculty and staff. Recognizing that Brock's budgetary planning principals included a commitment to

protecting our current faculty and staff, 2019-20 budgeted enrolment exceeded the enrolment plan included in the Institutional Strategic Plan in order to address government decisions such as the 10 per cent domestic tuition reduction resulting in a \$15.4 million loss in revenue. To address the risk associated with higher enrolment aspirations, Brock set aside a \$4.0 million contingency within the budget. Our enrolment forecast has exceeded budget with respects to revenue and our principals are intact.

Figure 6: All in student headcount by type⁽¹⁾

Type	2019-20 Forecast	2019-20 Budget	Difference – better/(worse)		2019-20 Strategic Plan	Difference – better/(worse)		2018-19 Actual
			#	%		#	%	
Undergraduate – domestic	15,971	16,567	(596)	(3.6%)	17,529	287	1.6%	15,715
Undergraduate – international	1,845	1,796	49	2.7%				1,571
Graduate – domestic	1,310	1,310		0.0%	1,873	178	9.5%	1,167
Graduate – international	741	726	15	2.1%				659
Total	19,867	20,399	(532)	(2.6%)	19,402	465	2.4%	19,112

Figure 7: All in student headcount by Faculty⁽¹⁾

Faculty	2019-20 Forecast			2019-20 Budget			2019-20 Forecast vs. budget	2019-20 Strategic Plan	2019-20 Forecast vs. Strategic Plan
	Domestic	International	Total	Domestic	International	Total			
Faculty of Applied Health Science	4,061	154	4,215	4,303	132	4,435	(220)	4,240	(25)
Goodman School of Business	2,500	1,072	3,572	2,628	1,053	3,681	(109)	3,538	34
Faculty of Education	1,918	101	2,019	1,682	105	1,787	232	1,698	321
Faculty of Humanities	1,734	73	1,807	1,821	69	1,890	(83)	1,802	5
Faculty of Mathematics and Science	1,946	439	2,385	1,999	378	2,377	8	2,228	157
Faculty of Social Science	5,017	744	5,761	5,339	658	5,997	(236)	5,788	(27)
No Faculty	105	3	108	105	3	108	0	108	
Total headcount (excluding additional winter intake)	17,281	2,586	19,867	17,877	2,398	20,275	(408)	19,402	465
Additional winter intake					124	124	(124)		
Total headcount	17,281	2,586	19,867	17,877	2,522	20,399	(532)	19,402	465

(1) Represents student headcount full-time (FT) and part-time (PT). For a definition refer to pg 87 of the 2019-20 Budget Report. The enrolment forecast used for the 2019-20 budget and forecast is 'all-in' and includes letter of permissions, non-degree students, auditors, additional qualifications, and certificates. These are excluded in the 'degree-seeking only' enrolment as presented by the Office of the Registrar.

Figure 8: General operating grants

(\$000s)	2019-20 Forecast	2019-20 Budget	2018-19 Actual
Operating Grants			
Core Operating Grant	82,000	82,000	81,743
Differentiation Grant Envelope	6,421	6,421	6,398
International Student Recovery	(1,400)	(1,400)	(1,452)
Nursing Grant	2,733	2,733	2,770
Total operating grants	89,754	89,754	89,459
Specific purpose grants	7,182	8,182	8,468
Total grant revenue	96,936	97,936	97,927

Operating grants

Figure 8 above details the grant revenue. The decline in the operating grant revenue is due to specific purpose grants, specifically the elimination of the Graduate Enrolment Capital Expansion Grant of \$0.75 million and the Facilities Renewal Program funds grant cut estimated at \$0.25 million versus the budget. Both of these grant reductions were announced after the 2019-20 budget had been finalized.



JULY 19, 2019: Third-year Brock Biomedical Sciences student Danielle Sobers loads a tray into the University's new Typhoon 5 Biomolecular Imager, purchased thanks to a Brock community effort.

Unit and budget forecasts

Figure 9 on the following page details the funding by responsibility centre by grouping the forecast and budget into one of the following categories: Teaching Faculties, Academic Support, Student Specific, Shared Services, Ancillary and Space and Global. **Due to the fact that revenue was the focus of trimester one, only the budgeted and forecasted revenue by responsibility centre are included in this figure.**

Please note that Figure 9 includes certain reclassifications to the 2019-20 budget as compared to the figures presented in the 2019-20 Budget Report. All reclassifications will be fully reconciled in the future 2020-21 Budget Report, noting the changes did not impact the net reported budget.



MAY 21, 2019: Associate Professor of Kinesiology Craig Tokuno, right, is one of 14 faculty researchers, as well as six students, from Brock University receiving a total of \$2.2 million in this year's Natural Sciences and Engineering Research Council of Canada (NSERC) funding.

Figure 9: Funding by responsibility centre

Responsibility centres	2019-20 Forecast revenue	2019-20 Budget revenue	Change of revenue amounts
Teaching Faculties			
Faculty of Applied Health Sciences	485	485	
Goodman School of Business	13,958	13,588	370
Faculty of Education	4,146	4,493	(347)
Faculty of Humanities	508	508	
Faculty of Mathematics and Science	645	647	(2)
Faculty of Social Sciences	349	349	
Total Teaching Faculties	20,091	20,070	21
Academic Support			
Faculty of Graduate Studies	365	365	
Library	211	211	
Research services	2,537	2,537	
Centre for Pedagogical Innovation	110	110	
Total Academic Support	3,223	3,223	
Student Specific			
The Office of the Registrar	2,015	2,015	
Student Life and Community Experience	179	179	
Student Wellness and Accessibility	3,027	3,027	
Student Success Centre	806	806	
Brock International	5,897	5,654	243
Co-op, Career Services and Experiential Education	2,518	2,445	73
Brock Sports and Recreation	7,773	7,831	(58)
Total Student Specific	22,215	21,957	258
Shared Services			
Senior Academic and Administrative Team ⁽¹⁾			
Information Technology Services	454	454	
Financial Services	359	359	
Human Resources	194	194	
Marketing and Communications	1,450	1,450	
Development and Alumni Relations	694	694	
Shared Services Support ⁽²⁾	335	335	
Total Shared Services	3,486	3,486	
Ancillary			
Ancillary Operations	14,995	15,310	(315)
Department of Residence	20,552	20,552	
Total Ancillary	35,547	35,862	(315)
Space			
Facilities Management	806	806	
Campus Security Services	139	139	
Campus Development Services and Community Agreements	421	466	(45)
Utilities, Taxes and Insurances	2,742	2,742	
Financing	332	332	
Total Space	4,440	4,485	(45)
Global			
Scholarships, Bursaries and Student Awards	2,951	2,951	
Capital	4,245	4,495	(250)
University Global	249,454	248,068	1,386
Total Global	256,650	255,514	1,136
Total University	345,652	344,597	1,055

(1) Includes the following: the offices of the President; the Vice-President, Administration; the Provost and Vice-President, Academic; the Vice-President, Research; the Vice-Provost and Associate Vice-President, Academic; Vice-Provost, Teaching, Learning and Student Success; the Vice-Provost, Enrolment Management and International; and the Special Advisor on Strategic Engineering as well as the operating costs of the Board of Trustees and Senate.

(2) Includes the following: the University Secretariat, the Office of Government Relations, Institutional Analysis, Internal Audit and Human Rights and Equity.

Treasury

Operating fund investment scorecard

Government of Canada ten-year bond yield was 1.15 per cent at Aug. 31, 2019 (2.23 per cent at the same time last year). This compares to the yield on the operating investment portfolio of 2.43 per cent with an average duration of less than 1 year (2.16 per cent yield and less than 1-year average duration at the same time last year). Scotiabank prime rate was 3.95 per cent on Aug. 31, 2019 (3.70 per cent at the same time last year). Yield on cash balances and short-term investments is linked to the prime rate, prime minus 165 basis points on cash, and prime minus 150 basis points on the 30 day hold investment account. The guaranteed investment certificate (GIC) ladder strategy⁽¹⁾ was put in place to enhance yields; however, we are beginning to shorten the ladder to account for upcoming cash flow needs for projects that will be internally financed (ie. Zone expansion). Yields have also dropped significantly on GICs where the rate on a 5-year GIC now compares to the rates we are receiving on the 30-day hold account; therefore, proceeds of matured GICs are currently being held in the 30-day hold account until rates improve. A summary

of investment holdings as of Aug. 31, 2019 is shown in Figure 13. Figure 11 on the following page outlines monthly investment income performance compared to 2018-19. As shown in Figure 13, cash deposits are high for August month end due to the inflow of tuition payments received near the end of the month leading up to the fall term payment deadline. As detailed in Figure 10, operating investments have achieved 43 per cent of budget as we reach 33 per cent of the way through the fiscal year. The current forecast has operating investment income on track.

The sinking fund achieved the target 5 per cent annualized rate of return during the first four months of fiscal 2019-20 generating an annualized 5.27 per cent gain (12.3 per cent gain at the same time last year). Short-term volatility is common and expected with this fund. We continue to support this fund as a long-term investment strategy to fund the 2045 payout of the University's \$93 million debenture and the employee future benefits reserve. The fund requires a 5 per cent annual rate of return to achieve its goal and this rate of return is aligned with the asset mix and skill of the fund manager.

(1) An investment strategy in which GICs that have different maturities are assembled into a portfolio.

Figure 10: Summary investment income – Operating Funds

(\$000s) Unless otherwise stated	2019-20 Actuals to Aug. 31	2019-20 Budget	2018-19 Actual	% of Budget achieved
Operating investment income	645	1,500	2,199	43%
Sinking fund	129	332	674	40%
Employee future benefits reserve	96		462	NA
Investment income*	870	1,832	3,335	47%

* Brock currently has 3 externally restricted segregated trust investments not included in the figures above.



MAY 6-8, 2019: Indigenous high school students participated in lab exercises as part of the Bridging our Worlds Through Science Aboriginal Outreach Program.

Figure 11

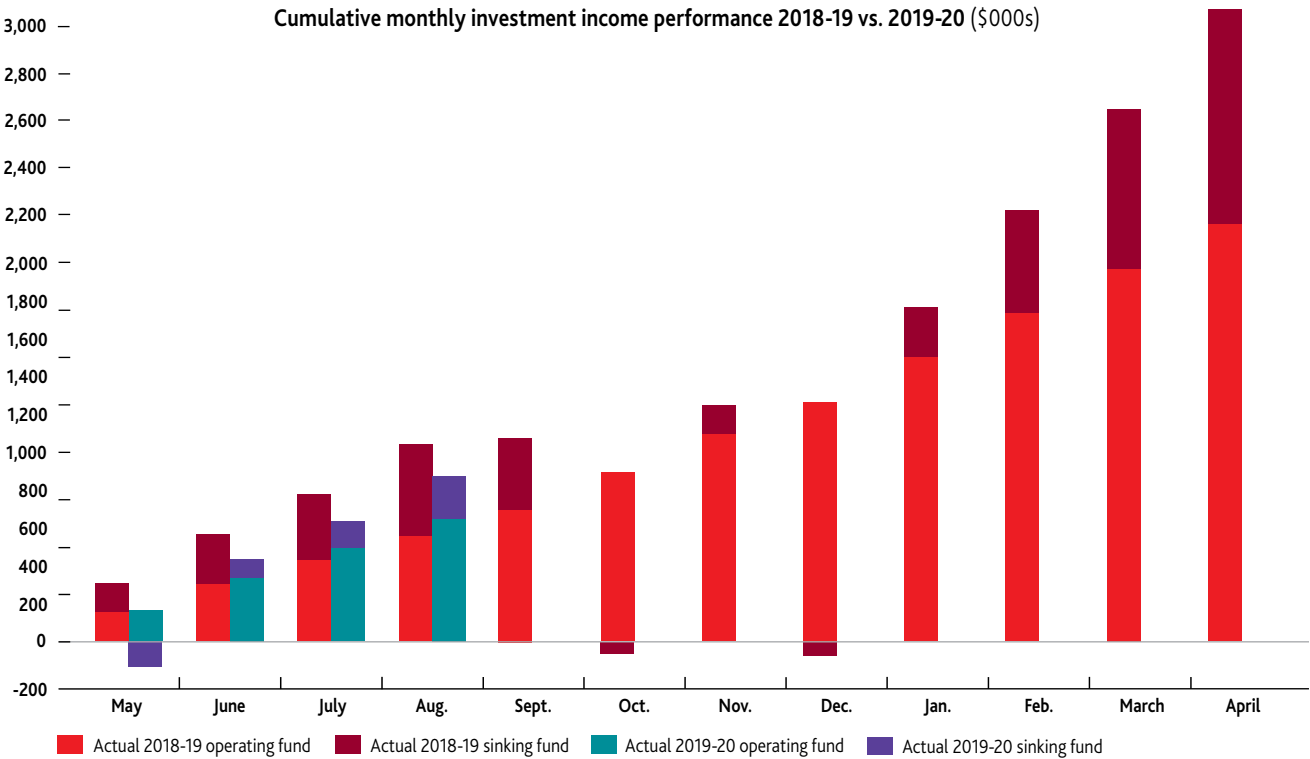


Figure 12

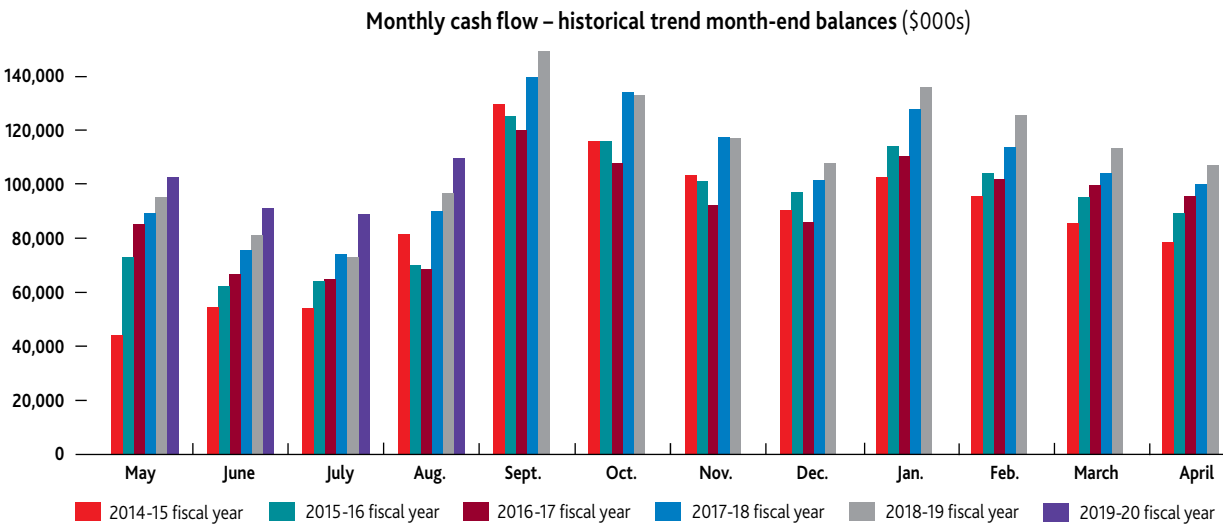


Figure 13: Summary of investment holdings

(\$000s) Unless otherwise stated	Market Value as at Aug. 31, 2019	Annualized rate of return	Fees	Net annualized rate of return
Scotiabank				
General account (\$20 million average minimum balance)	45,648	2.30%	0.00%	2.30%
30 Day GIC	30,000	2.45%	0.00%	2.45%
3 Year GIC	5,000	3.08%	0.00%	3.08%
3 Year GIC	2,500	2.65%	0.00%	2.65%
3 Year GIC	2,500	2.15%	0.00%	2.15%
3 Year GIC	2,500	2.20%	0.00%	2.20%
Total for account	88,148	2.40%	0.00%	2.40%
BMO Nesbitt Burns				
Savings Account	28	1.20%	0.05%	1.15%
1 Year GIC	2,650	2.80%	0.05%	2.75%
2 Year GIC	2,650	3.21%	0.05%	3.16%
Total for account	5,328	3.00%	0.05%	2.95%
TD Waterhouse				
HISA	-	0.00%	0.00%	0.00%
Total for account	-	0.00%	0.00%	0.00%
Mawer – balanced fund				
Sinking fund	7,499	-	-	-
Employee future benefits reserve	5,581	-	-	-
Total for account	13,080	5.27%	0.25%	5.02%
Portfolio consolidated total	106,556	2.78%	0.03%	2.75%

JUNE 3, 2019: CCOVI
Grapevine Virologist Sudarsana
Poojari earned international
recognition for his grapevine
virus testing research.



MAY 16, 2019: Brock University President
Gervan Fearon, along with Vice-President,
Research Tim Kenyon and Leela MadhavaRau,
Director of Brock's Office of Human Rights and
Equity, signed the Dimensions: Equity, Diversity
and Inclusion Canada charter.



Our debt

Figure 14 details the current and Board of Trustee approved future external debt of the University. It does not reflect any new external debt that may be needed but has not come forward for Board approval.

Figure 14: Outstanding debt

(\$000s) (unless otherwise noted)	Actual			Budget April 30, 2020	Forecast				
	April 30, 2017	April 30, 2018	April 30, 2019		April 30, 2021	April 30, 2022	April 30, 2023	April 30, 2024	April 30, 2025
Bond	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000
Cairns building	24,863	24,109	23,319	22,491	21,623	20,714	13,407	9,443	5,378
Residence	15,215	14,333	13,385	12,366	11,271	10,095	8,831	7,474	6,015
Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA)	15,960	15,240	14,520						
Ancillary renewal ⁽²⁾				29,800	63,900	87,800	87,800	87,800	86,516
Total debt	149,038	146,682	144,224	157,657	189,794	211,609	203,038	197,717	190,909
Total student FFTE ⁽¹⁾	20,086	20,303	20,458	21,210	22,087	22,910	23,692	24,217	24,706
Total debt/FFTE (in dollars) ⁽¹⁾	\$7,420	\$7,225	\$7,050	\$7,433	\$8,593	\$9,237	\$8,570	\$8,164	\$7,727
Debt reduction strategy									
Sinking fund	6,413	6,696	7,370	6,971	7,319	7,685	8,069	8,473	9,301
Debt repayment reserve	2,895	4,457	6,753	384	2,237	4,375			
M. Walker donation – MIWSFPA	5,326	5,470	5,617						
Other donations – MIWSFPA	717	851	932						
Total assets for debt reduction	15,351	17,474	20,672	7,355	9,556	12,060	8,069	8,473	9,301
Net debt	133,687	129,208	123,552	150,302	180,238	199,549	194,969	189,244	181,608
Net debt/FFTE (in dollars) ⁽¹⁾	\$6,656	\$6,364	\$6,039	\$7,086	\$8,160	\$8,710	\$8,229	\$7,815	\$7,351

(1) Fiscal full-time enrolment (FFTE) – used for tuition & grant forecasting. For a definition refer to page 87 of the 2019-20 Budget Report.
(2) Represents student residence with full-cost recovery cash-flow.

Figure 14 details the current and projected external debt of the University including \$87.8 million of Board approved new external debt financing over the coming fiscal years for student experience investments, detailed as “Ancillary Renewal,” and outlines roughly the fiscal years in which additional debt financing will occur; however, plans related to longer term financing strategies for the repayment of this debt are under development at this point in time. External financing requirements currently being considered, but have yet to be approved by the Board of Trustees are not included in Figure 14.

The Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA) loan was repaid in its entirety on its renewal date in June 2019 utilizing the debt repayment reserve funds set aside in the fiscal framework specifically for

this purpose. The funding plan for the \$93 million bullet bond includes a sinking fund with an annualized rate of return target of five per cent plus additional payments of \$0.4 million commencing in 2024-25, followed by the repurposing of the \$1.9 million debt payments on the residence loans in 2028-29 when the mortgage is fully repaid. Other future debt maturities can be found in the audited financial statements of the University.

This debt forecast is within range of the University’s current credit rating. The University’s credit rating will be influenced heavily on financial performance following government action resulting in a 10 per cent cut to domestic tuition rates and reductions to operating grants. Should the University achieve balanced results for 2019-20 and beyond, the implications on Brock’s credit rating will be positive.

Figure 15: Long-term debt

	Interest rate	Payment terms	Date to be paid in full	Annual payment (\$000s)
Earp/Lowenberger – Residence	7.200%	Monthly blended payments of principal and interest of \$162,443.70.	October 2028	1,949
CFHBRC Building	4.690%	Monthly blended payments of principal and interest of \$158,668.10. Interest rate swap on \$28 million. Payment based on 25 year amortization.	July 2037	1,904
Student infrastructure loan (Ancillary renewal)	2.490%	Interest only payments until June 2024.	June 2024	359
Debenture payable (bullet)	4.967%	Interest payable semi-annually \$2,309,655.	December 2045	4,619
Debt retirement assets				
	Required rate of return	Payment terms	Date to be paid in full	Annual payment (\$000s)
Sinking fund investment	5.000%	Policy requires Brock to annually review sinking fund investment performance and required contributions. Interest rate reduced to 5% through Fiscal Framework.	December 2045	Determined annually
Debt reduction reserve	N/A	Annual contribution (\$1,022 in 2017-18 as per fiscal framework) to an internally restricted reserve for debt repayment initially approved by the Board of Trustees on March 12, 2015.	N/A	1,022

Figure 16: Debt metrics

	Published range current credit rating*	2018-19 Fiscal year	2017-18 Fiscal year
Fiscal full-time equivalent (FFTE)		20,458	20,303
Total long-term debt/FFTE (\$)	10.000 – 15.000	7,050	7,225
Interest coverage ratio	1.3 times to 2.5 times	4.97 times	4.23 times
Surplus-to-revenue	0% to 1% (5 year average)	4.5%	3.6%

* DBRS advised that the flexibility for existing credit ratings will be negatively impacted by recent government announcements, namely a 10 per cent cut to domestic tuition rates. Noting these government announcements DBRS suggested a rating downgrade is unlikely simply as a result of the lost tuition revenue. That said, should the University not achieve balanced results for 2019-20, the implications on Brock’s credit rating will be negatively impacted.



JUNE 27, 2019: For the past two months, Positive Active Living for Students (PALS) instructors, were busy teaching the importance of staying active to 4,100 elementary students from across Ontario.



MAY 07, 2019: Brock Professor Miriam Richards presented a Niagara Community Observatory policy brief that discussed ways to increase wild bee populations in Niagara.

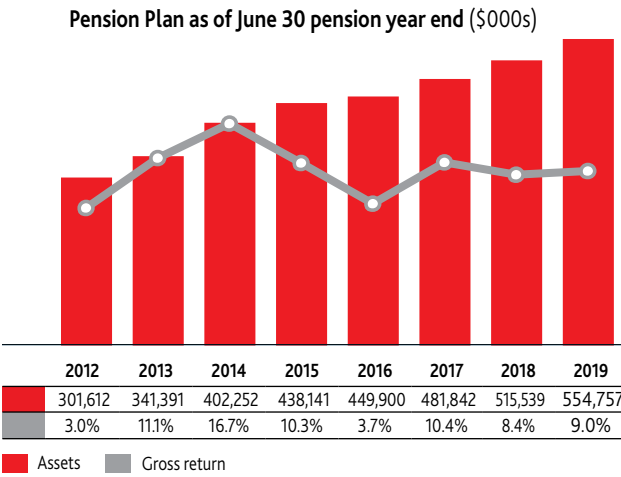
Pension

The actuarial valuation on the pension plan was last completed as at July 1, 2017, indicating the plan was 96 per cent funded on a going-concern basis (99 per cent as at July 2014) and 105 per cent on a solvency basis (105 per cent as at July 2014). The main contributor to the going concern deficit was a reduction in the pension plan discount rate of 5.45 per cent (6.0 per cent as at July 2014). The actuary sets the expected rates of returns based on industry best practices guided by the Canadian Institute of Actuaries. The University has no control or influence over these assumptions used by the actuary. The going concern deficit of \$17.88 million (\$3.56 million as at July 2014) increased the required special payments into the plan by \$1.53 million and the current service cost payments for the defined benefit component of the plan by \$0.44 million for a total increase in University contributions of \$1.97 million annually. Overall, employee annual contributions into the pension plan represent \$7.4 million and Brock’s annual contributions represent \$16.0 million. Brock currently funds the pension at a 2.2:1.0 ratio employer to employee.

Administration is currently working with Mercer (plan Actuary) to consider the implications of performing the next pension valuation early as at July 1, 2019 rather than waiting until July 1, 2020. Prior to the last valuation in 2017, Mercer prepared two test valuations a year in advance of the required valuation. These test valuations informed Administration of an expected need to increase the planned budget for the upcoming year by \$2 million, which in hindsight was spot on to the actual \$1.97 million increase in pension costs. The rationale for an early valuation is the recent decline in interest rates during August, which will result in larger liability valuations should rates remain low. Furthermore, our investment advisors and actuary have suggested there are significant headwinds developing that could negatively influence asset returns.

Completing a valuation as at July 1, 2019 would benefit the University in that interest rates are known and higher than current levels, coupled with returns that have exceeded the 6 per cent annualized rate of return requirement since the last valuation. Should a test valuation result in a fully funded or improved pension valuation, annual payments could be locked in for the next three years providing cost certainty leading into an economic cycle with significant headwinds should the University opt to complete the full valuation early.

The investment returns and investment balance for the last eight years are detailed in Figure 17. Additional information on the pension plan may be found at brocku.ca/about/university-financials/#auditedpension-statements



AUGUST 8, 2019 : Fourth-year History student Kaylin Currie harvests turnips from her medieval monastic garden.

Capital

Figure 18: Status of capital projects as of Aug. 31, 2018

(\$000s)	Facilities Management	Residence and ancillary services	Information Technology Services
Open projects as of April 30, 2019	70	25	46
Projects opened to Aug. 31, 2019	10		
Projects closed/completed to Aug. 31, 2019	(19)	(2)	(3)
Remaining projects open Aug. 31, 2019	61	23	43

Figure 19: Capital and related project summary

Project type (\$000s)	Revenue/funding ⁽¹⁾	Spending to Aug. 31, 2019	Remaining to spend
Facilities Management			
Above surface/sub surface utilities, drainage, roads, parking lots, sidewalks	1,415	(27)	1,388
Adaptations/renovations and major renewal projects	2,381	(550)	1,831
AODA* projects	240	(19)	221
Audits and studies	689	(105)	584
Buildings	1,443	(1,014)	429
Energy conservation and demand management	865	(144)	721
Major capital projects	54,200	(50,326)	3,874
New construction and replacement (under \$1M)	250	(231)	19
Vehicles and wheeled equipment	323		323
FM – surplus/(deficit)	1,169	(28)	1,141
Total Facilities Management projects	62,975	(52,444)	10,531
Residence and ancillary			
Above surface/sub surface utilities, drainage, roads, parking lots and sidewalks	6,468	(1,805)	4,663
Adaptations/renovations and major renewal projects	12,265	(1,213)	11,052
Audits and studies	15	(14)	1
Buildings	83,108	(6,581)	76,527
Residence and Ancillary – surplus/(deficit)			
Total residence and ancillary	101,856	(9,613)	92,243
Information Technology Services			
Enterprise software projects	7,064	(4,813)	2,251
Hardware evergreening projects	1,931	(1,129)	802
Hardware growth projects	680	(400)	280
IT infrastructure projects	394	(9)	385
ITS – surplus/(deficit)	114		114
Total Information Technology Services projects	10,183	(6,351)	3,832
Total capital and related projects	175,014	(68,408)	106,606

* AODA – Accessibility for Ontarians with Disabilities.
(1) Funding revenue represents total expected funding and cash received. This amount is not reflective of all funding received to date.

University infrastructure investment is ongoing as we invest in new and current space and technology to support and improve the academic and research experience. Figure 18 illustrates the number of open capital and related projects. These projects include all 2019-20 projects as well as uncompleted prior year projects. Note: the majority of the 2019-20 projects were opened prior to May 1, 2019. Figure 19 illustrates the activity to Aug. 31, 2019 with respect to the type and dollar amount of projects.

The capital project budget is separated for Trimester one reporting purposes into Facilities Management (FM), residence and ancillary and Information Technology Services projects. Please note: all residence and ancillary projects were included as part of the FM capital budget in the 2019-20 Budget Report.

Funding forecast presented in accordance with NFPS

Throughout this report financial information has been reported on a funding basis (sometimes referred to as committed cash basis). Figures 20 and 21 detail the entries and reclassifications required to convert the funding budget to be in accordance with the Canadian accounting standards for not-for-profit organizations (NFPS). Please refer to page 90 and 91 of the 2019-20 Budget Report for detailed explanations of all the adjustments, reclassifications and eliminations. These adjustments, reclassifications and eliminations for the 2019-20 forecast were consistently applied with those of the 2019-20 budget with one slight exception. The capital grant's adjustment (#1) was updated to the 2019-20 trimester one forecast. Brock is the only DBRS rated University that converts budget to NFPS.

Figure 20

(\$000s)	2019-20 NFPS budget	2019-20 Funding forecast	NFPS adjustments	Note	Reclass of inter-fund transfers	Eliminate Internal chargebacks	2019-20 NFPS forecast
Revenue							
Student fees	181,566	183,977					183,977
Grant revenue	96,175	96,936	(1,511)	1			95,425
Internal Chargebacks		8,681				(8,681)	
Inter-fund revenue		4,924	(941)	2	(3,983)		
Other revenue	75,527	51,134	20,052	3-5	3,983		75,169
Total revenue	353,268	345,652	17,600		-	(8,681)	354,571
Personnel costs	(230,766)						
Inter-fund expenses							
Operating costs	(122,843)						
Total costs	(353,609)						
Funding surplus/ (deficit)	(341)						

Figure 21

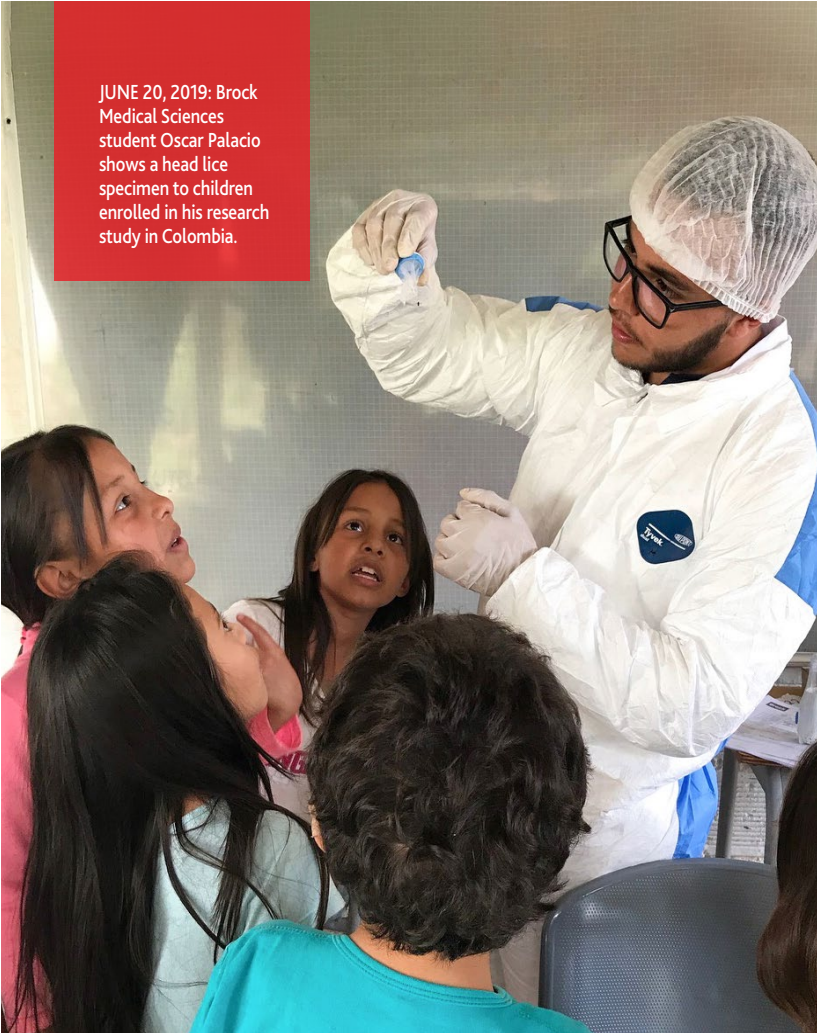
Note	Reconciliation of NFPS adjustments (\$000s)
1 Capital grants	(1,511)
2 Funding from reserves	(941)
3 Amortization of deferred capital contributions	8,222
4 Research, including fellowships	11,261
5 Endowment and trust spending	569
Total revenue adjustments	17,600

Reserves

Figure 22 outlines internally restricted reserve balances that have been established for research and faculty professional development with internal funding. In total, Brock has \$13.8 million in unspent research and professional development support dollars for faculty as at Aug. 31, 2019

Figure 22: Balances by Faculty as of Aug. 31, 2019

(\$000s)	Operating project accounts	Research funds with no external obligations	Start-up funds	PER and accountable allowance accounts	Total
Faculty of Applied Health Sciences	(964)	(930)	(631)	(561)	(3,086)
Faculty of Education	(294)	(94)	(22)	(408)	(818)
Faculty of Humanities	(372)	(86)	(13)	(453)	(924)
Faculty of Mathematics and Science	(1,272)	(153)	(178)	(675)	(2,278)
Faculty of Social Sciences	(1,448)	(817)	(653)	(1,006)	(3,924)
Goodman School of Business	(1,342)	(49)		(634)	(2,025)
Library	1	(1)		(53)	(53)
Other units	(488)	(47)		(134)	(669)
Total	(6,179)	(2,177)	(1,497)	(3,924)	(13,777)



JUNE 20, 2019: Brock Medical Sciences student Oscar Palacio shows a head lice specimen to children enrolled in his research study in Colombia.



MAY 6, 2019: More than 30 people took part in a first-ever yoga session held among the cherry blossom trees at the base of Schmon Tower.

Appendix 1

Multi-year financial results on a funding basis

Figure 23

(\$000s)	2019-20 Forecast	2019-20 Budget	2018-19 Actual	2017-18 Actual	2016-17 Actual
Revenue					
Student fees	183,977	181,366	178,067	167,446	158,341
Grant revenue	96,936	97,936	97,927	97,371	95,009
Internal chargebacks	8,681	8,679	10,055	9,426	9,703
Inter-fund revenue	4,924	4,924	6,712	3,239	4,859
Other revenue	51,134	51,351	51,333	48,600	46,182
Total revenue	345,652	344,256	344,094	326,082	314,094
Operating costs					
Personnel costs		(228,395)	(212,647)	(205,233)	(196,994)
Inter-fund expenses		(24,581)	(29,950)	(23,288)	(20,965)
Other operating costs		(96,005)	(94,993)	(92,419)	(90,611)
Total operating costs		(348,981)	(337,590)	(320,940)	(308,570)
Mitigation target – identified savings		1,476			
Mitigation target – required from in- year savings		3,249			
Funding surplus/(deficit) before discretionary appropriations		-	6,504	5,142	5,524
Discretionary appropriations			(6,475)	(5,132)	(5,500)
Funding surplus/(deficit) after discretionary appropriations		-	29	10	24

MAY 9, 2019: Brock University has approved contributing a parcel of land at its main campus so it can be the site of a community and athletics complex that would be the central site when the 2021 Canada Summer Games are hosted in Niagara.

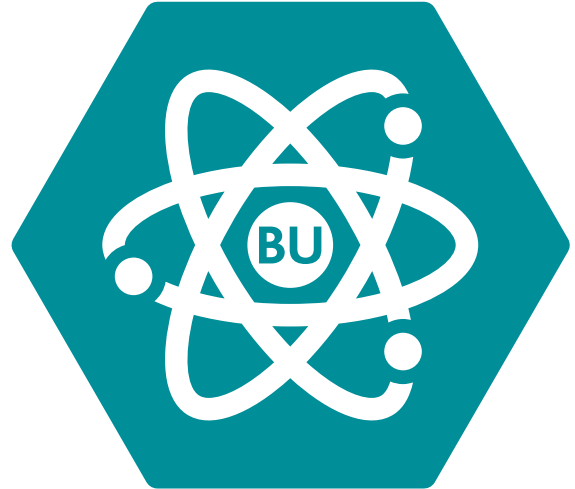


JUNE 19, 2019: Brock University research assistant Tony Wang performs a grapevine virus test in a Brock CCOVI lab.

Institutional Strategic Priorities



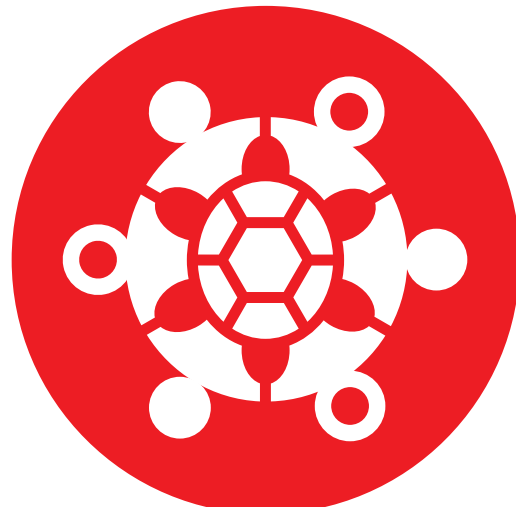
Student Experience



Research



Community Engagement



Inclusivity