17-18 Trimester 1 Report

May 1, 2017 to August 31, 2017

Brock University

Executive summary

This report covers the period from May 1, 2017 to August 31, 2017.

We started the year with the University's first balanced budget in over a decade. Although the 2017-18 budget is balanced and does not include a mitigation target, there were two specific risks identified in the 2017-18 Budget Report.

The enrolment forecast for the 2017-18 budget estimated a decline in undergraduate headcount of 267 students. The Office of the Registrar subsequently set a target to increase historical retention numbers across each Faculty by three per cent. This increased retention translated to an additional 255 students and an additional $3.0 million in tuition, assuming an even distribution of domestic and international students. Preliminary enrolment figures are encouraging. At the time of writing this report, we have exceeded our degree seeking enrolment target by 30 students. Retention efforts will now take the front stage as we progress through trimester two. Many initiatives are currently underway to improve our retention rates; however, it is too early to know the effectiveness of these initiatives, and for that reason, we caution that the $3.0 million student fee retention target is still at risk.

The second inherit risk relates to the general operating grant. For 2017-18, the University budgeted to receive its 2016-17 grant plus a $1.3 million pick-up related to graduate students, which had to be negotiated through Strategic Mandate Agreement (SMA) discussions with the Ministry of Advanced Education and Skills Development (MAESD). At the time of writing this report, we have received guidance from the MAESD that our funding for Masters and PhD will increase to 792 and 108 students respectively. If we receive funding for all of these students we will have achieved our $1.3 million target. Our SMA at the time of writing this report has not yet been finalized; therefore, we caution that the $1.3 million graduate funding is not yet certain.

The trimester one forecast for 2017-18 sets out a deficit of $2.5 million. In the past, year-end savings and underspending have allowed us to mitigate shortfalls of this character. We do expect budgeted expenditures to improve throughout the year, namely on personnel costs where positions are budgeted but not yet filled. This said, we reiterate the need to look closely at our operating expenditure models during the upcoming budget planning process for 2018-19 to find a sustainable model that does not rely on enrolment growth or under-spending of the planned budget to mitigate expenses outpacing our revenue growth (Please refer to page 12 of the 2016-17 Fiscal Framework report).

As always, input and recommendations for future budget decisions are encouraged and can be emailed to **budgetreport@brocku.ca**

Contents

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.

On the cover: This past summer Brock welcomed a new President. In addition, this year Brock's budget is beginning the process of being transformed through the revenue and expense allocation model. Also, the Brock Linc and the Goodman School of Business are two major construction projects underway this year. The butterfly image used on the cover symbolizes transformation, growing and evolving into something new. The use of geometric shapes form one shape/one Brock and building blocks reflect the construction at Brock. The other sections in the shapes represent the many facets of the university, they morph from flat design to 3D design creating movement, which evokes a feeling of the ever changing and ongoing innovation and emergence of Brock as a leading edge university. There are four photos on the cover, each is from a Brock News story from May to August 2017.

Financial results

The following table illustrates the trimester one forecast for the University compared to budget and prior year actual. 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 26**.

Figure 1

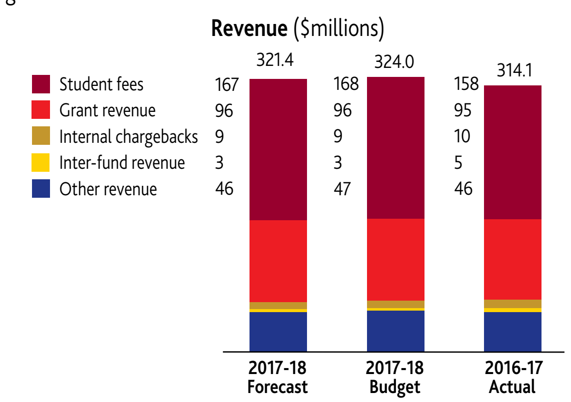
($000s)	Funding 2017-18 Forecast	Funding 2017-18 Budget	NFPS 2017-18 Forecast	NFPS 2017-18 Budget	Funding 2016-17 Actual	NFPS 2016-17 Actual
Revenue						
Student fees	**166,900**	167,875	**166,900**	167,875	158,341	158,451
Grant revenue	**96,326**	96,326	**95,028**	95,028	95,009	94,160
Internal chargebacks	**8,770**	8,792			9,703	
Inter-fund revenue	**3,138**	3,138			4,859	
Other revenue	**46,258**	47,826	**69,390**	70,958	46,182	71,386
Total revenue	**321,392**	**323,957**	**331,318**	**333,861**	**314,094**	**323,997**
Operating costs						
Personnel costs	**(213,822)**	(213,345)	**(213,101)**	(213,445)	(196,994)	(201,124)
Inter-fund expenses	**(18,187)**	(18,184)			(20,965)	
Other operating costs	**(91,920)**	(92,428)	**(120,548)**	(120,131)	(90,611)	(114,055)
Total operating costs	**(323,929)**	**(323,957)**	**(333,649)**	**(333,576)**	**(308,570)**	**(315,179)**
Funding surplus/(deficit) before discretionary appropriations	**(2,537)**	**-**	**(2,331)**	**285**	**5,524**	**8,818**
Discretionary appropriations					**(5,500)**	
Funding surplus/(deficit) after discretionary appropriations	**(2,537)**	**-**	**(2,331)**	**285**	**24**	**8,818**

Taking a closer look at some of the numbers

Overview

The 2017-18 trimester one forecast shows a funding deficit of $2.5 million versus the balanced 2017-18 budget. Due to the revenue risks inherent in the 2017-18 budget, this forecast concentrated on addressing these risks as well as any other significant changes to the overall budget. The trimester two forecast will provide a more detailed examination of personnel and operating costs, especially given the eight months of actual results. As such, the $2.5 million deficit is driven mainly by lower then budgeted revenue.

Figure 2



Review of overall revenue

The revenue forecast is $2.6 million below budget. This decline is driven by a lower than budgeted student fee revenue of $1.0 million and $1.6 million other revenue. Student fee revenues are discussed in the tuition and enrolment section on the following page.

The decrease in other revenue as compared to the budget is driven by ancillary revenue. Although residence is anticipating an increase of $0.3 million of revenue over the 2017-18 budget, as of trimester one, ancillary units are expecting to generate $1.9 million less revenue than was budgeted, mainly driven by $0.8 million from the Campus Store, $0.6 million from Conference Services and $0.3 million from Hospitality Services. This shortfall is less of an operational miss and more of a budgetary issue. While revenue in the ancillary units was budgeted to rise by a modest 1.9% or $0.3 million over the 2016-17 budget, reviewing the 2017-18 budget against the 2016-17 actual results shows a revenue increase of 11.1% or $1.7 million. Furthermore, at the beginning of this fiscal year, Brock updated the way it organized and delivered a wide range of support, business-oriented and service-based departments, which included the establishment of new leadership for these ancillary units. The objective is to modernize a complex network of services into a delivery model that is nimble, intuitive and reflects how people use and access services in the 21st century. Brian Hutchings, Vice-President of Administration noted, "This continuing evolution of our operations will make the University stronger and better positioned to respond as new challenges and opportunities arise"

Tuition and enrolment

Figure 3 below details forecasted tuition revenue by program type, separated by where the tuition is reported. The majority of tuition is reported in University Global, which is further detailed based on Faculty of major (teaching Faculty of enrolment) in Figure 5.

Figure 3: **Tuition by reporting unit**

($000s)	2017-18 Forecast	2017-18 Budget	2016-17 Actual	Listed below
Total tuition revenue in University Global	**141,680**	**141,667**	**134,397**	(1)
Tuition revenue budgeted in respective departments				
Professional Masters Preparation Certificate (Business) (PMPC)	**1,218**	801	801	(2)
International Masters Business Administration (IMBA)	**7,334**	7,763	6,895	(2)
International Master of Professional Accounting (IMPAcc)	**1,697**	1,835	1,461	(2)
Masters Preparation Certificate in Education (MPCE)	**307**	419	451	(3)
International Masters of Education (MEd)	**1,238**	1,161	870	(3)
Masters of Arts in Applied Linguistics (MA LING)	**49**	147	57	(4)
International Master of Science in Materials Physics (MsMP)	**147**	105	39	(6)
Total international student programs (ISP)s	**11,990**	**12,231**	**10,574**	
Continuing Teacher Education – Additional Qualifications (AQ)	**732**	950	623	(3)
Center for Adult Education and Community Outreach (CAECO)*	**896**	920	941	(3)
Other Education programs	**199**	199		(3)
Intensive English Language Program (IELP)	**3,711**	4,230	3,286	(5)
Summer English Language Program (SELP)	**372**	361	451	(5)
Total other self-funded programs	**5,910**	**6,660**	**5,301**	
Tuition revenue in respective departments	**17,900**	**18,891**	**15,875**	
Total tuition revenue	**159,580**	**160,558**	**150,272**	
Fee revenue	**7,320**	**7,317**	**8,069**	
Total student fees	**166,900**	**167,875**	**158,341**	

* Includes Aboriginal Adult Education.
Departments the tuition revenue is reported in: (1) University Global; (2) Goodman School of Business; (3) Faculty of Education; (4) Faculty of Social Sciences; (5) Student Services; (6) Faculty of Mathematics and Science

Overall forecasted tuition revenue was lower than budget by $1.0 million. International student program (ISP) tuition saw a decrease of $0.2 million compared to budget, driven mainly from the Goodman School of Business IMBA and IMAcc programs and the Faculty of Education MPCE program as a result of lower than budgeted enrolment. Offsetting these declines was higher than budgeted enrolment and tuition in the Goodman PMPP program. ESL tuition revenue is also projected to be $0.5 million lower than budget and $0.3 million lower than 2016-17 actuals.

Global forecasted tuition is tracking towards budget. At the time of writing this report our overall enrolment target for degree seeking students has been exceeded by 30. Readers should be cautioned however these enrolment levels are still preliminary. The focus now moves from registering new students to retaining those students who have already enrolled. The 2017-18 undergraduate tuition budget included a retention target of $3.0 million, which translates into 255 students (assuming an even distribution of domestic and international students). This retention target has been maintained for the trimester one forecast. Although the risk of achieving the retention target was identified at the time the budget was developed, we find ourselves in a situation where we could achieve a significant portion of this target by the end of the year if we realize, through our retention initiatives, significant improvements in student retention through trimesters two and three. Although the overall global tuition forecast is flat to budget, the undergraduate tuition forecast is down $0.5 million, as detailed in Figure 5. This decrease is the result of a decrease of 119 undergraduate students versus the budget originally established, as detailed in Figure 7. This differential is based on year 1 intake only.

Offsetting this decline is an increase in forecasted graduate enrolment versus budget with Masters up 10 students over budget and PhDs down 8 students. The impact to graduate tuition is forecasted to be up $0.5 million.

Another favourable development is the Ministry of Finance (MOF) recently released new population projections for 18-20 year olds. The new estimates show a higher than previously estimated number of university-aged youth for the 2012-2041 period. Assuming constant participation rates, the number of full-time domestic direct entry undergraduate students enrolled in Ontario universities is expected to be higher than initially projected. This is due to a 4 per cent to 5.3 per cent increase in the number of university-aged youth over the 2017-2036 period.

Figure 4

Global tuition billings by session ($millions)

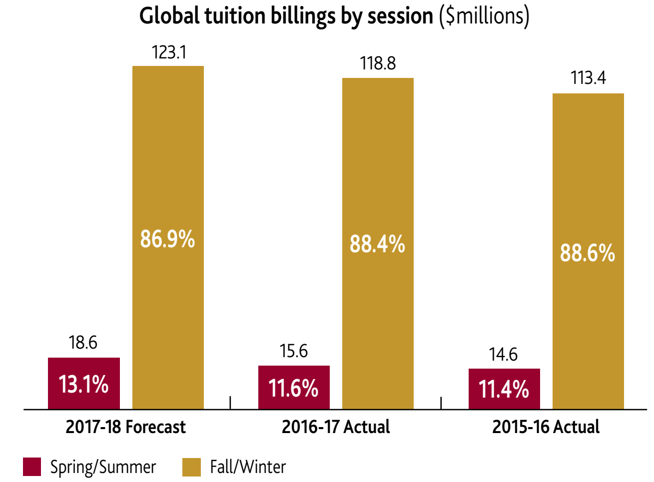


Figure 4 above details global tuition by session – spring/summer and fall/winter for the forecast and the past two years.

Figure 5: **Tuition revenue budgeted in University Global**

($000s)	2017-18 Forecast	2017-18 Budget	2016-17 Actual
Undergraduate – domestic			
Faculty of Applied Health Sciences	**23,438**	23,486	21,910
Goodman School of Business	**19,890**	19,700	18,977
Faculty of Education	**5,863**	5,802	6,007
Faculty of Humanities	**10,109**	9,809	10,267
Faculty of Mathematics and Science	**11,225**	11,170	11,135
Faculty of Social Sciences and undeclared Arts	**29,744**	30,605	30,236
Other (1)	**454**	451	264
Total undergraduate – domestic	**100,723**	**101,023**	**98,796**
Graduate – domestic			
Faculty of Applied Health Sciences	**1,300**	1,268	1,175
Goodman School of Business	**1,240**	1,508	1,289
Faculty of Education	**1,208**	1,179	1,245
Faculty of Humanities	**423**	493	520
Faculty of Mathematics and Science	**801**	693	711
Faculty of Social Sciences	**2,433**	2,699	2,592
Total graduate – domestic	**7,405**	**7,840**	**7,532**
Total domestic	**108,128**	**108,863**	**106,328**
Undergraduate – international			
Faculty of Applied Health Sciences	**1,382**	1,420	1,319
Goodman School of Business	**11,604**	11,479	10,755
Faculty of Education	**47**	47	43
Faculty of Humanities	**458**	425	523
Faculty of Mathematics and Science	**2,748**	2,757	2,837
Faculty of Social Sciences and Undeclared Arts	**9,368**	9,640	9,095
Other (1)	**128**	130	119
Total undergraduate – international	**25,735**	**25,898**	**24,691**
Graduate – international			
Faculty of Applied Health Sciences	**198**	182	141
Goodman School of Business	**2,395**	1,379	1,378
Faculty of Education	**118**	120	66
Faculty of Humanities	**208**	141	107
Faculty of Mathematics and Science	**1,254**	1,392	1,118
Faculty of Social Sciences	**644**	692	568
Total graduate – international	**4,817**	**3,906**	**3,378**
Total international	**30,552**	**29,804**	**28,069**
Retention target	**3,000**	3,000	
Total tuition revenue in University Global	**141,680**	**141,667**	**134,397**

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

Figure 6: **Student enrolment by types (excluding retention target)**

Type	2017-18 Forecast		2017-18 Budget		2016-17 Actual		2015-16 Actual	
	Headcount (1)	FTE (2)	Headcount (1)	FTE (2)	Headcount (1)	FTE (2)	Headcount (1)	FTE (2)
Undergraduate – domestic	**15,423**	**15,410**	15,535	15,515	15,707	15,666	15,557	15,578
Undergraduate – international	**1,110**		1,117		1,307		1,256	
Graduate – domestic	**1,053**		1,694		1,094	1,434	1,088	1,380
Graduate – international	**643**				596		561	
Total	**18,229**		**18,346**		**18,704**	**17,100**	**18,462**	**16,958**

(1) Represents Fall student headcount full-time (FT) and part-time (PT). For a definition refer to pg 89 of the 2017-18 Budget Report.
(2) Represents full-time equivalent (FTE) students. For a definition refer to pg 89 of the 2017-18 Budget Report.

Figure 7: **Undergraduate headcount forecast***

Faculty	2017-18 Forecast			2017-18 Budget			2017-18 Budget vs. Forecast
	Domestic	International	Total	Domestic	International	Total	
Faculty of Applied Health Science	3,575	62	3,637	3,585	63	3,648	(11)
Goodman School of Business	2,377	502	2,879	2,354	498	2,852	27
Faculty of Education	1,308	35	1,343	1,283	35	1,318	25
Faculty of Humanities	1,602	19	1,621	1,560	18	1,578	43
Faculty of Mathematics and Science	1,692	117	1,809	1,698	117	1,815	(6)
Faculty of Social Science	3,958	274	4,232	4,144	285	4,429	(197)
No Faculty	911	101	1,012	911	101	1,012	-
Total unadjusted headcount	**15,423**	**1,110**	**16,533**	**15,535**	**1,117**	**16,652**	**(119)**
Adjusted enrolment forecast (20% international)	**312**	**78**	**16,923**	**312**	**78**	**17,042**	**(119)**
Adjusted enrolment forecast (50% international)	**127.5**	**127.5**	**16,788**	**127.5**	**127.5**	**16,907**	**(119)**

*Note: the enrolment forecast used for the 2017-18 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.

Operating grants

As detailed in Figure 8 below, over the last number of years grant revenue has been on the decline. The Ministry of Advanced Education and Skills Development (MAESD) recently introduced a new university funding model for 2017-18. Through this new model, a number of the operating grants received in prior years have effectively been combined and re-allocated into two new grants – Core Operating Grant and the Differentiation Grant Envelope. Please refer to the 2017-18 Budget Report for further details and the background of these new grants. In anticipation of this change in funding Brock was able to negotiate with the MAESD to increase the operating grant revenue, mainly related to changes in how Brock reported its enrolment to MAESD.

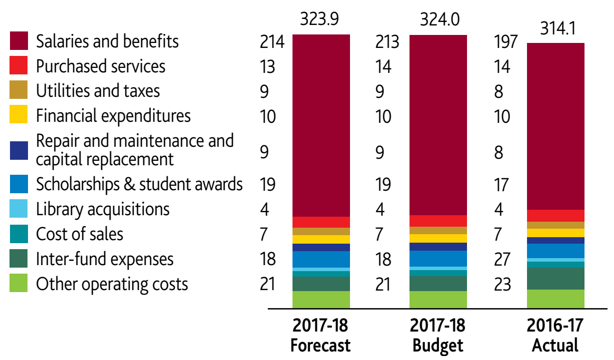
At the time of preparing the 2017-18 budget it was anticipated that Brock would receive $85.3 million in 2016-17 for the general operating grants (highlighted grants below) and an additional of $1.3 million was budgeted for 2017-18. This pick-up, which is more fully described in the 2017-18 Budget Report, is related to unfunded master's and unfilled PhD FTE allocations which is being negotiated with the MAESD through the SMA process. Although it is still not known if this pick up will be realized because the SMA is still unsigned, the forecast remains consistent with the budget.

Figure 8: **General operating grants**

($000s)	2017-18 Forecast	2017-18 Budget	2016-17 Actual	2015-16 Actual	2014-15 Actual
Operating Grants					
Core Operating Grant	**82,000**	82,000			
Differentiation Grant Envelope	**4,633**	4,633			
Basic Operating Grant (including Teacher Education)			71,471	69,820	71,505
Undergraduate Accessibility Fund			7,250	5,824	5,461
Graduate Expansion Grant			2,415	2,019	1,947
General Access and Quality Grant			3,722	3,719	3,770
Performance Fund			706	762	746
Provincial Research Overhead Infrastructure Envelope			147	147	
International Student Recovery	**(1,465)**	(1,465)	(1,254)	(1,052)	(900)
Nursing Grant	**2,813**	2,813	2,861	2,797	2,790
Total operating grants	**87,981**	**87,981**	**87,318**	**84,036**	**85,319**
Specific purpose grants	**8,345**	**8,345**	**7,691**	**9,165**	**9,267**
Total grant revenue	**96,326**	**96,326**	**95,009**	**93,201**	**94,586**

Figure 9

Operating costs* ($millions)



*Includes discretionary appropriations.

Review of operating costs

As previously discussed, although the personnel and operating costs were not the focus of the trimester one forecast, units were asked to review their operating and personnel costs and provide updates on significant anticipated changes to their unit forecast. Personnel costs are forecast to be $0.5 million above budget mainly driven by recent reorganizations throughout the university, increases in information technology services as well as estimates for the impact of minimum wage changes and other unforeseen changes to benefit costs that have been realized since the budget was developed. Other operating costs are forecast $0.5 million below budget mainly driven by ancillary units as management attempts to mitigate costs to address the challenge related to revenue outlined previously.

Unit and budget forecasts

Figure 10 and 11 on the following pages detail the funding budget by responsibility centre, where all personnel costs, operating costs and revenue have been grouped by their responsibility centre. Figure 10 has then grouped the forecast and budget into one of the following categories: Teaching Faculties, Academic Support, Student Specific, Shared Services, Ancillary, Space and Global. Figure 11 presents a different view, grouping the forecast and budget by whom each unit reports: President; Vice-President, Academic; Vice-President, Administration; Vice-President, Research and Global.

Please note that Figures 10 and 11 include certain reclassifications to the 2017-18 budget as compared to the figures presented in the 2017-18 Budget Report, mainly as a result of the university updating the way it organizes and delivers a wide range of support, business-oriented and service-based departments in April 2017. Due to the timing of this announcement, responsibility centres and their corresponding budgets were not updated for this change in the 2017-18 Budget report. Units affected are noted in Figures 10 and 11. In addition, Figures 10 and 11 include an allocation from University Global related to payroll rate increases. All reclassifications will be fully detailed in the 2018-19 Budget Report yet to be published.

Figure 10: **Funding budget by responsibility centre**

($000s)	2017-18 Forecast				2017-18 Budget				Change of "Net" amounts better/(worse)
	Revenue	Personnel costs	Non-personnel costs	Net	Revenue	Personnel costs	Non-personnel costs	Net	
Teaching Faculties									
Faculty of Applied Health Sciences	340	(20,774)	(840)	**(21,274)**	340	(20,774)	(840)	**(21,274)**	
Goodman School of Business	11,694	(26,631)	(3,964)	**(18,901)**	11,870	(26,569)	(4,039)	**(18,738)**	(163)
Faculty of Education	3,754	(17,017)	(1,880)	**(15,143)**	4,021	(17,227)	(1,886)	**(15,092)**	(51)
Faculty of Humanities	616	(20,978)	(1,165)	**(21,527)**	616	(20,978)	(1,165)	**(21,527)**	
Faculty of Mathematics and Science	700	(21,462)	(815)	**(21,577)**	658	(21,465)	(740)	**(21,547)**	(30)
Faculty of Social Sciences	335	(36,354)	(1,171)	**(37,190)**	432	(36,352)	(1,179)	**(37,099)**	(91)
Total Teaching Faculties	**17,439**	**(143,216)**	**(9,835)**	**(135,612)**	**17,937**	**(143,365)**	**(9,849)**	**(135,277)**	**(335)**
Academic Support									
Centre for Pedagogical Innovation	280	(858)	(316)	**(894)**	280	(858)	(316)	**(894)**	
Faculty of Graduate Studies	310	(1,291)	(256)	**(1,237)**	310	(1,291)	(256)	**(1,237)**	
Library	78	(4,977)	(4,802)	**(9,701)**	78	(4,977)	(4,802)	**(9,701)**	
Research services	1,986	(1,563)	(1,636)	**(1,213)**	1,986	(1,563)	(1,636)	**(1,213)**	
Total Academic Support	**2,654**	**(8,689)**	**(7,010)**	**(13,045)**	**2,654**	**(8,689)**	**(7,010)**	**(13,045)**	-
Student Specific									
Aquatics and Youth Programs (1)	2,077	(1,492)	(633)	**(48)**	2,077	(1,492)	(633)	**(48)**	
Brock International	5,300	(4,934)	(2,273)	**(1,907)**	5,760	(4,934)	(2,273)	**(1,447)**	(460)
Brock Sports (1)	4,811	(3,319)	(2,249)	**(757)**	4,811	(3,393)	(2,249)	**(831)**	74
Co-op, Career Services and Experiential Education	1,924	(3,031)	(387)	**(1,494)**	1,924	(3,031)	(387)	**(1,494)**	
The Office of the Registrar	2,034	(3,962)	(1,115)	**(3,043)**	2,034	(3,962)	(1,115)	**(3,043)**	
Student Life and Community Experience	219	(696)	(229)	**(706)**	219	(696)	(229)	**(706)**	
Student Success Centre	962	(1,335)	(163)	**(536)**	962	(1,335)	(163)	**(536)**	
Student Wellness and Accessibility	2,409	(2,703)	(1,145)	**(1,439)**	2,409	(2,703)	(1,145)	**(1,439)**	
Total Student Specific	**19,736**	**(21,472)**	**(8,194)**	**(9,930)**	**20,196**	**(21,546)**	**(8,194)**	**(9,544)**	**(386)**

Figure 10 continued

($000s)	2017-18 Forecast				2017-18 Budget				Change of "Net" amounts better/(worse)
	Revenue	Personnel costs	Non-personnel costs	Net	Revenue	Personnel costs	Non-personnel costs	Net	
Shared Services									
Development and Alumni Relations	655	(1,705)	(620)	**(1,670)**	655	(1,705)	(620)	**(1,670)**	
Financial Services (1)	437	(2,791)	(691)	**(3,045)**	437	(3,014)	(691)	**(3,268)**	223
Human Resources	257	(3,413)	(782)	**(3,938)**	257	(3,413)	(782)	**(3,938)**	
Information Technology Services	458	(6,187)	(2,223)	**(7,952)**	458	(5,953)	(2,223)	**(7,718)**	(234)
Leadership		(2,617)	(526)	**(3,143)**		(2,617)	(526)	**(3,143)**	
Marketing and Communications (1)	1,789	(1,568)	(2,184)	**(1,963)**	1,789	(1,568)	(2,184)	**(1,963)**	
Shared Services Support		(1,972)	(216)	**(2,188)**		(1,972)	(216)	**(2,188)**	
Total Shared Services	**3,596**	**(20,253)**	**(7,242)**	**(23,899)**	**3,596**	**(20,242)**	**(7,242)**	**(23,888)**	**(11)**
Ancillary									
Ancillary Operations (1)	15,850	(2,723)	(9,103)	**4,024**	17,724	(2,364)	(9,398)	**5,962**	(1,938)
Department of Residence	17,701	(2,921)	(13,349)	**1,431**	17,360	(2,880)	(13,550)	**930**	501
Total Ancillary	**33,551**	**(5,644)**	**(22,452)**	**5,455**	**35,084**	**(5,244)**	**(22,948)**	**6,892**	**(1,437)**
Space									
Campus Security Services	59	(1,468)	(1,104)	**(2,513)**	59	(1,468)	(1,104)	**(2,513)**	
Facilities Management	659	(12,292)	(3,405)	**(15,038)**	659	(12,292)	(3,405)	**(15,038)**	
Financing	301		(6,490)	**(6,189)**	301		(6,490)	**(6,189)**	
Heritage Place Plaza and Community Agreements	282		(969)	**(687)**	345		(963)	**(618)**	(69)
Utilities, Taxes and Insurances	2,833		(10,332)	**(7,499)**	2,833		(10,332)	**(7,499)**	
Total Space	**4,134**	**(13,760)**	**(22,300)**	**(31,926)**	**4,197**	**(13,760)**	**(22,294)**	**(31,857)**	**(69)**
Global									
Capital	4,503		(12,127)	**(7,624)**	4,503		(12,127)	**(7,624)**	
Scholarships, Bursaries and Student Awards	1,007		(18,348)	**(17,341)**	1,007		(18,348)	**(17,341)**	
University Global	234,772	(788)	(2,599)	**231,385**	234,783	(499)	(2,600)	**231,684**	(299)
Total Global	**240,282**	**(788)**	**(33,074)**	**206,420**	**240,293**	**(499)**	**(33,075)**	**206,719**	**(299)**
Total University	**321,392**	**(213,822)**	**(110,107)**	**(2,537)**	**323,957**	**(213,345)**	**(110,612)**	**-**	**(2,537)**

(1) These unit budgets were affected by the reorganization noted on page 10. All reclassifications will be fully detailed in the 2018-19 Budget Report yet to be published.

Figure 11: **Funding budget by responsibility centre leader**

($000s)	2017-18 Forecast				2017-18 Budget				Change of "Net" amounts better/(worse)
	Revenue	Personnel costs	Non-personnel costs	Net	Revenue	Personnel costs	Non-personnel costs	Net	
President									
Development and Alumni Relations	655	(1,705)	(620)	**(1,670)**	655	(1,705)	(620)	**(1,670)**	
Marketing and Communications [2] [3]	1,789	(1,568)	(2,184)	**(1,963)**	1,789	(1,568)	(2,184)	**(1,963)**	
Leadership (Split) [1]		(1,730)	(465)	**(2,195)**		(1,730)	(465)	**(2,195)**	
Shared Services Support (Split) [1]		(265)	(18)	**(283)**		(265)	(18)	**(283)**	
Total President	**2,444**	**(5,268)**	**(3,287)**	**(6,111)**	**2,444**	**(5,268)**	**(3,287)**	**(6,111)**	**-**
Vice-President Academic									
Faculty of Applied Health Sciences	340	(20,774)	(840)	**(21,274)**	340	(20,774)	(840)	**(21,274)**	
Goodman School of Business	11,694	(26,631)	(3,964)	**(18,901)**	11,870	(26,569)	(4,039)	**(18,738)**	(163)
Faculty of Education	3,754	(17,017)	(1,880)	**(15,143)**	4,021	(17,227)	(1,886)	**(15,092)**	(51)
Faculty of Humanities	616	(20,978)	(1,165)	**(21,527)**	616	(20,978)	(1,165)	**(21,527)**	
Faculty of Mathematics and Science	700	(21,462)	(815)	**(21,577)**	658	(21,465)	(740)	**(21,547)**	(30)
Faculty of Social Sciences	335	(36,354)	(1,171)	**(37,190)**	432	(36,352)	(1,179)	**(37,099)**	(91)
Faculty of Graduate Studies	310	(1,291)	(256)	**(1,237)**	310	(1,291)	(256)	**(1,237)**	
Library	78	(4,977)	(4,802)	**(9,701)**	78	(4,977)	(4,802)	**(9,701)**	
Centre for Pedagogical Innovation	280	(858)	(316)	**(894)**	280	(858)	(316)	**(894)**	
Co-op, Career Services and Experiential Education	1,924	(3,031)	(387)	**(1,494)**	1,924	(3,031)	(387)	**(1,494)**	
The Office of the Registrar	2,034	(3,962)	(1,115)	**(3,043)**	2,034	(3,962)	(1,115)	**(3,043)**	
Student Life and Community Experience	219	(696)	(229)	**(706)**	219	(696)	(229)	**(706)**	
Student Wellness and Accessibility	2,409	(2,703)	(1,145)	**(1,439)**	2,409	(2,703)	(1,145)	**(1,439)**	
Student Success Centre	962	(1,335)	(163)	**(536)**	962	(1,335)	(163)	**(536)**	
Brock International	5,300	(4,934)	(2,273)	**(1,907)**	5,760	(4,934)	(2,273)	**(1,447)**	(460)
Leadership (Split) [1]		(887)	(61)	**(948)**		(887)	(61)	**(948)**	
Shared Services Support (Split) [1]		(366)	(48)	**(414)**		(366)	(48)	**(414)**	
Total Vice President Academic	**30,955**	**(168,256)**	**(20,630)**	**(157,931)**	**31,913**	**(168,405)**	**(20,644)**	**(157,136)**	**(795)**

Figure 11 continued

($000s)	2017-18 Forecast				2017-18 Budget				Change of "Net" amounts better/(worse)
	Revenue	Personnel costs	Non-personnel costs	Net	Revenue	Personnel costs	Non-personnel costs	Net	
Vice-President Administration									
Brock Sports [2]	4,811	(3,319)	(2,249)	**(757)**	4,811	(3,393)	(2,249)	**(831)**	74
Aquatics and Youth Programs [2]	2,077	(1,492)	(633)	**(48)**	2,077	(1,492)	(633)	**(48)**	
Information Technology Services	458	(6,187)	(2,223)	**(7,952)**	458	(5,953)	(2,223)	**(7,718)**	(234)
Financial Services [2]	437	(2,791)	(691)	**(3,045)**	437	(3,014)	(691)	**(3,268)**	223
Human Resources	257	(3,413)	(782)	**(3,938)**	257	(3,413)	(782)	**(3,938)**	
Ancillary Operations [2]	15,850	(2,723)	(9,103)	**4,024**	17,724	(2,364)	(9,398)	**5,962**	(1,938)
Department of Residence	17,701	(2,921)	(13,349)	**1,431**	17,360	(2,880)	(13,550)	**930**	501
Facilities Management	659	(12,292)	(3,405)	**(15,038)**	659	(12,292)	(3,405)	**(15,038)**	
Campus Security Services	59	(1,468)	(1,104)	**(2,513)**	59	(1,468)	(1,104)	**(2,513)**	
Shared Services Support (Split) [1]		(1,341)	(150)	**(1,491)**		(1,341)	(150)	**(1,491)**	
Total Vice President Administration	**42,309**	**(37,947)**	**(33,689)**	**(29,327)**	**43,842**	**(37,610)**	**(34,185)**	**(27,953)**	**(1,374)**
Vice-President Research									
Research Services	1,986	(1,563)	(1,636)	**(1,213)**	1,986	(1,563)	(1,636)	**(1,213)**	
Total Vice President Research	**1,986**	**(1,563)**	**(1,636)**	**(1,213)**	**1,986**	**(1,563)**	**(1,636)**	**(1,213)**	**-**
Global									
Heritage Place Plaza and Community Agreements	282		(969)	**(687)**	345		(963)	**(618)**	(69)
Utilities, Taxes and Insurances	2,833		(10,332)	**(7,499)**	2,833		(10,332)	**(7,499)**	
Financing	301		(6,490)	**(6,189)**	301		(6,490)	**(6,189)**	
Scholarships, Bursaries and Student Awards	1,007		(18,348)	**(17,341)**	1,007		(18,348)	**(17,341)**	
Capital	4,503		(12,127)	**(7,624)**	4,503		(12,127)	**(7,624)**	
University Global	234,772	(788)	(2,599)	**231,385**	234,783	(499)	(2,600)	**231,684**	(299)
Total Global	**243,698**	**(788)**	**(50,865)**	**192,045**	**243,772**	**(499)**	**(50,860)**	**192,413**	**(368)**
Total University	**321,392**	**(213,822)**	**(110,107)**	**(2,537)**	**323,957**	**(213,345)**	**(110,612)**	**-**	**(2,537)**

(1) Refer to Page 62 and 66 of the 2017-18 Budget Report for details on the split within Leadership and Shared Services Support.
(2) These unit budgets were affected by the reorganization noted on page 10. All reclassifications will be fully detailed in the 2018-19 Budget Report yet to be published.
(3) As part of a re-alignment of the University's organizational structure at the end of April 2016 the Marketing and Communications responsibility centre's responsibility moved from the Vice-President Administration to the President. Due to the timing of this announcement, this change was not reported in the 2017-18 Budget report.

Treasury

Operating fund investment scorecard

Government of Canada ten year bond yields have been increasing from 1.55 per cent at May 1, 2017 to 1.85 per cent at Aug. 31, 2017. Following the 25 basis points (bps) hike to the Bank of Canada's benchmark overnight rate in early July, Scotiabank increased their prime rate from 2.70 per cent to 2.95 per cent on July 13. This move improves the yield on cash balances and short-term investments given that Brock's agreement with Scotiabank for our cash account is linked to the prime rate (prime minus 165bps) and the 30 day hold investment account (prime minus 150bps). We also continue to roll the maturing guaranteed investment certificate (GIC) ladder strategy [1] to enhance yields. A summary of investment holdings as of Aug. 31, 2017 is shown in Figure 15. The recent pick-up in interest rates has also improved the rates being offered for these investments. GICs are the main enhancement to yield in the operating investment portfolio. Figure 13 on the following page outlines monthly investment income performance compared to 2016-17. As shown in Figure 14, cash deposits are high for August month end due to the expected inflow of tuition payments received near the end of the month leading up to the fall term payment deadline. Cash surpluses will be invested into higher yielding shorter term GICs during September. As detailed in Figure 12, 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 performed negatively during the first four months of fiscal 2017-18 generating a 7.0 per cent loss. Despite this poor performance, 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 12: **Summary investment income – Operating Funds**

($000s) Unless otherwise stated	2017-18 Actuals to Aug. 31	2017-18 Budget	2016-17 Actual	% of Budget achieved
Operating investment income	389	900	1,137	43%
Sinking fund	(151)	301	766	-50%
Employee future benefits reserve	(71)		315	NA
Investment income	**167**	**1,201**	**2,218**	**14%**

Figure 13

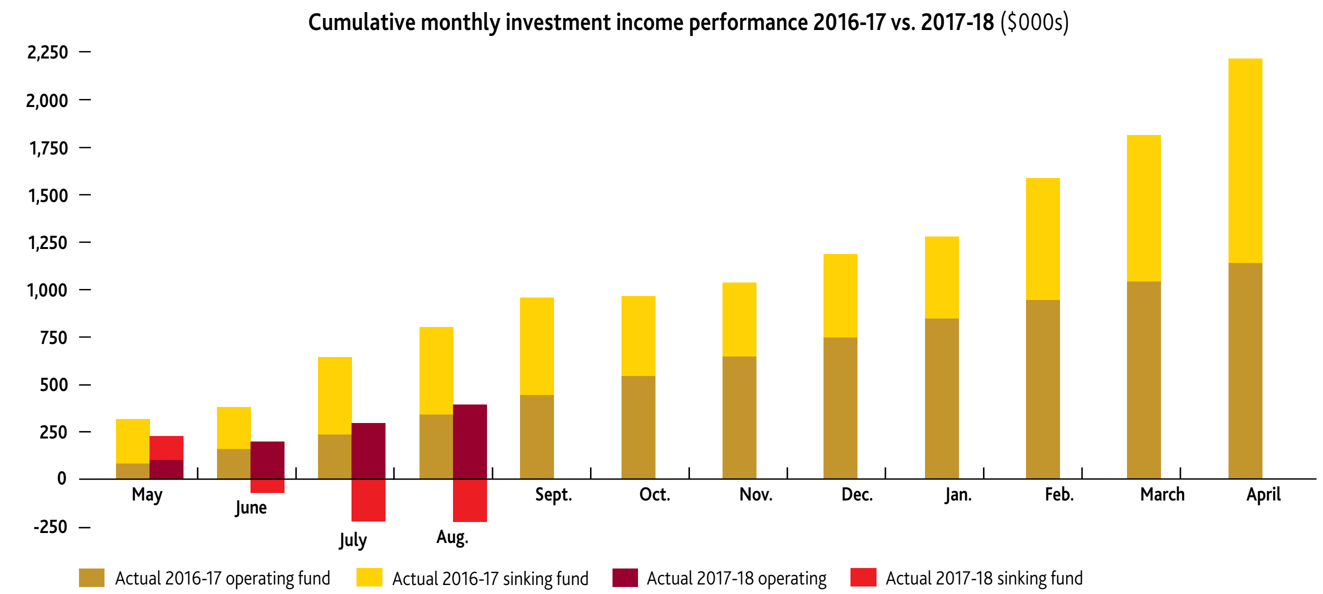


Figure 14

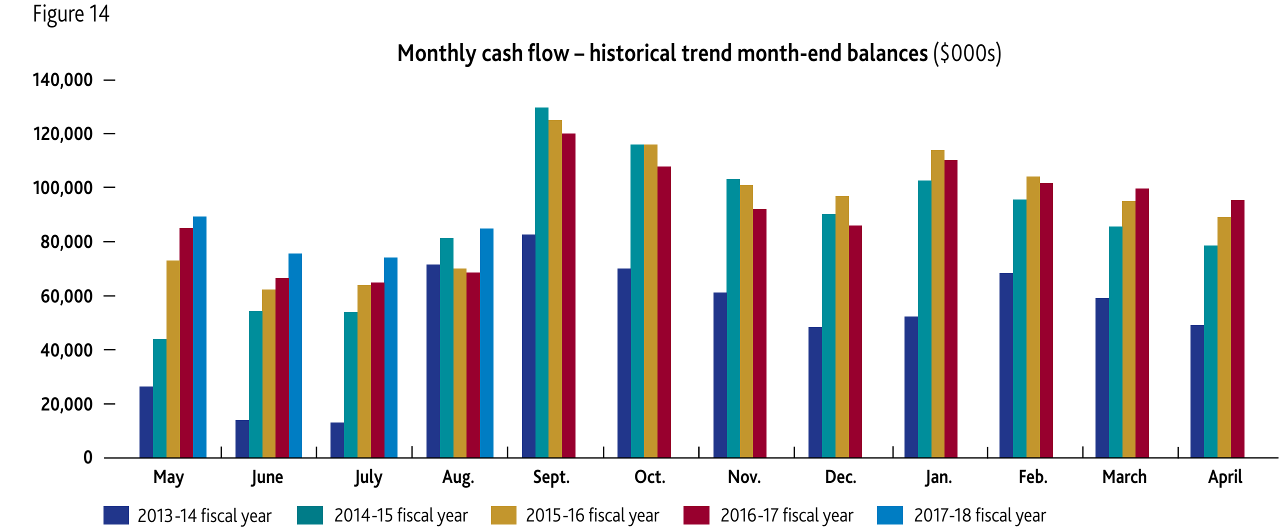


Figure 15: **Summary of investment holdings**

($000s) Unless otherwise stated	Market Value as at Aug. 31, 2017	Annualized rate of return	Fees	Net annualized rate of return
Scotia asset management				
Bonds		NA	0.20%	NA
Money market		NA	0.15%	NA
Total for account	**-**			
Scotiabank				
General account ($20 million average minimum balance)	42,701	1.30%	0.00%	1.30%
30 Day GIC	10,000	1.45%	0.00%	1.45%
2 Year GIC	5,000	2.00%	0.00%	2.00%
2 Year GIC	2,500	2.10%	0.00%	2.10%
2 Year GIC	5,000	1.71%	0.00%	1.71%
2 Year GIC	2,500	1.95%	0.00%	1.95%
2 Year GIC	2,500	2.03%	0.00%	2.03%
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	**75,201**	**1.52%**	**0.00%**	**1.52%**
BMO Nesbitt Burns				
Savings Account	4	1.10%	0.05%	1.05%
2 Year GIC	5,150	1.75%	0.05%	1.70%
Total for account	**5,154**	**1.75%**	**0.05%**	**1.70%**
TD Waterhouse				
HISA		0.00%	0.00%	0.00%
Total for account	**-**	**0.00%**	**0.00%**	**0.00%**
Mawer – balanced fund				
Sinking fund	6,262			
Employee future benefits reserve	2,969			
Total for account	**9,231**	**-7.04%**	**0.25%**	**-7.29%**
Portfolio consolidated total	**89,586**	**0.65%**	**0.03%**	**0.63%**

Our debt

Figure 16 details the current and projected external debt of the University. It does not reflect any new external debt going forward. At the time of writing this report, there are no approved projects that would require additional debt financing and as such no new debt has been reflected.

Figure 16: **Outstanding debt**

($000s) (unless otherwise noted)				Budget	Forecast				
	April 30, 2015	April 30, 2016	April 30, 2017	April 30, 2018	April 30, 2019	April 30, 2020	April 30, 2021	April 30, 2022	April 30, 2023
Bond	93,000	93,000	93,000	**93,000**	93,000	93,000	93,000	93,000	93,000
CFHBRC building	26,269	25,583	24,863	**24,109**	23,319	22,491	21,623	20,714	10,154
Residence	16,801	16,037	15,215	**14,333**	13,385	12,366	11,271	10,095	8,931
Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA)	17,400	16,680	15,960	**15,240**	14,520				
Total debt	**153,470**	**151,300**	**149,038**	**146,682**	**144,224**	**127,857**	**125,894**	**123,809**	**112,086**
Total student FFTE (1)	**20,056**	**19,885**	**20,058**	**19,628**	**20,191**	**20,383**	**20,522**	**20,630**	**20,630**
Total debt/FFTE (in dollars) (1)	**7,652**	**7,609**	**7,430**	**7,340**	**7,143**	**6,273**	**6,135**	**6,001**	**5,433**
Debt reduction strategy									
Sinking fund	5,462	5,647	6,413	**6,322**	6,639	6,970	7,319	7,685	8,069
Debt repayment reserve	475	950	2,895	**3,917**	5,220		2,937	6,159	
M. Walker donation – MIWSFPA	5,045	5,181	5,326	**5,465**	5,612				
Other donations – MIWSFPA	250	324	399	**473**	548				
Total assets for debt reduction	**11,232**	**12,102**	**15,033**	**16,177**	**18,019**	**6,970**	**10,256**	**13,844**	**8,069**
Net debt	**142,238**	**139,198**	**134,005**	**130,505**	**126,205**	**120,887**	**115,638**	**109,965**	**104,017**
Net debt/FFTE (in dollars) (1)	**7,092**	**7,000**	**6,681**	**6,531**	**6,251**	**5,931**	**5,635**	**5,330**	**5,042**

(1) Fiscal full-time enrolment (FFTE) – used for tuition and grant forecasting. For a definition refer to page 89 of the 2017-18 Budget Report.

As set out in the Fiscal Framework document, any new debt capital financing is highly dependent on donations and/or other incremental sources of funding. The fiscal framework does identify that if any debt is recommended that debt only be issued where: 1. The debt is for capital purposes; 2. A strong financial case can be made with significant visibility to a reasonable rate of return that considers capital, maintenance and operating costs; and 3. The capital project is forecasted to be net cash flow positive within two to three years.

In March 2015, the Board of Trustees approved a debt reduction strategy that would see $0.475 million set aside each year starting in 2014-15. As presented in the 2016-17 Fiscal Framework document, a revised debt reduction strategy was established to repay the loan on the Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA) by it's renewal date in 2019-20; the loan on the CFHBRC building by 2024-25 and the debt (other than the bond) on residence loans by 2029-30. When the debt is paid off, the Fiscal Framework identifies the funding being repurposed to support deferred maintenance infrastructure initiatives and the sinking fund to repay the 40-year bullet taken out in 2005 for $93 million due in 2045.

The next maturity of external debt is June 3, 2019 related to the $18 million financed in fiscal 2014-15. The amount due at maturity will be $14.46 million. Other future debt maturities can be found in the audited financial statements of the University.

The requirement for the debt reduction strategy is supported by Brock's key financial health metrics found on Page 1 of the 2017-18 Budget Report, which also compares these metrics to that of the median and average of other universities in our comprehensive category.

Figure 17: **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
MIWSFPA Building	2.450%	Loan is setup as a serial debenture with declining interest payments as the principal is paid off. Monthly fixed payments of principal $60,000 plus interest. Interest rate swap on $18 million. Payment based on 25 year amortization.	June 2019	Approx 1,150
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
MIWSFPA investment	2.700%	$5 million endowment being repurposed to pay down debt at the request of the Donor. Cash invested in a BNS GIC earning an arbitrage spread of 25bps until loan renews in 2019.	June 2019	NA
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.	NA	1,022

Figure 18: **Debt metrics**

	DBRS published range current credit rating	2016-17 Fiscal year	2015-16 Fiscal year
Fiscal full-time equivalent (FFTE)		20,058	19,885
Total long-term debt/FFTE ($)	10.000 – 15.000	7,430	7,609
Interest coverage ratio	1.3 times to 2.5 times	3.7 times	3.35 times
Surplus-to-revenue	0% to 1% (5 year average)	2.7%	2.0%

Pension

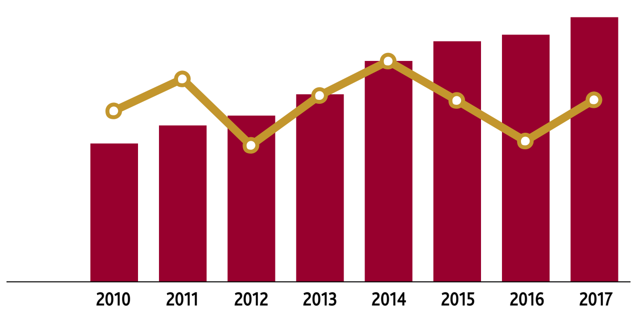
The actuarial valuation on the pension plan, last updated as of July 1, 2014, indicated the fund was 99.1 per cent funded on a going-concern basis and 105 per cent on a solvency basis. Key to the valuation is that it assumed a rate of return and discount factor of six per cent. The pension plan at April 30, 2017 reflects a pension fund net asset of $11.6 million, which compares to a net liability of $1.7 million at April 30, 2016. The change is attributable to market returns for the fiscal year which being above the targeted actuarial return of 6.0 per cent. The valuation does not adjust the discount rate on the defined benefit costs. The next full valuation is currently underway with guidance from the University's actuary that the discount rate will fall below 5.5 per cent because of revised actuarial assumptions, mainly on expected rates of returns by asset class. 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. This reduced discount rate will increase the defined benefit costs and likely result in a reported liability of the plan. As previously reported, we performed a valuation estimate at Jan. 1, 2017 on the pension plan, testing various assumptions on discount rates and salary growth. As a result of the funding test, the University budgeted for an increase of $2.0 million in annual contributions to the defined benefit portion of the plan. While the results of the valuation are not known at this time, the university is positioned to mitigate expected increases in pension costs due to the additional $2.0 set aside.

Additional information on the pension plan may be found at **brocku.ca/about/university-financials/#audited-pension-statements**

Figure 20 details the initiatives which have been undertaken to mitigate risk and maintain the health of the plan for all stakeholders.

Figure 19

Pension Plan as of June 30 pension year end ($000s)



	2010	2011	2012	2013	2014	2015	2016	2017
Assets	251,387	283,889	301,612	341,391	402,252	438,141	449,900	481,842
Return	8.6%	13.8%	3.0%	11.1%	16.7%	10.3%	3.7%	10.4%

Figure 20: **Mitigation options**

Risk type	Mitigation strategy
Pension deficit, funding level and volatility	Planning is ongoing to make additional payments into the pension plan to fund the deficit. The 2017-18 budget plans for additional payments of $2 million. The University continues to work toward a 50/50 funding model with employees, a requirement to joint a Joint Sponsored Pension Plan (JSPP). Other risk management strategies are also supportive of reducing this risk type.
Currency risk	While currently the pension plan has no currency hedges, a US dollar hedging strategy is in place.
Asset mismatch risk	An asset liability study has been performed to inform the investment strategy.
Equity return risk	Investment managers are monitored utilizing subject matter experts. Investment managers are selected to help project on the downside. A recent change to global managers was enacted (moved from Aberdeen to Mawer and CARNEGIE). Diversification into alternative asset classes is ongoing. Ultimately lower returns and lower interest rates would mean higher payments into the plan.

Capital

University infrastructure investment is ongoing as we invest in new and current space and technology to support and improve the teaching and learning experience. Figure 21 illustrates the number of open capital and related projects. These projects include all 2017-18 projects as well as uncompleted prior year projects. Note: the majority of the 2017-18 projects were opened prior to May 1, 2017.

Figure 21: **Status of capital projects as of Aug. 31, 2017**

($000s)	Facilities Management	Information Technology Services
Open projects as of April 30, 2017	89	44
Projects opened to Aug. 31, 2017	9	1
Projects closed/completed to Aug. 31, 2017	(17)	(6)
Remaining projects open Aug 31, 2017	**81**	**39**

Figure 22 illustrates the activity with respect to the type and dollar amount of projects by Facilities Management (FM) and Information Technology Service (ITS). As explained in the 2017-18 Budget Report, $1.0 million of the funding of the 2017-18 capital and related projects budget was savings from prior year approved projects. At the time of preparing the budget report $0.7 million of these savings had already been identified and the remaining $0.3 million was funded through the discretionary appropriations at April 30, 2017. The majority of the savings in the project budgets have been adjusted. However, some projects with identified savings are not yet fully complete and as such the budget adjustments have not yet been done. These outstanding transfers are expected to cover the remaining FM deficit of $224,000 as shown in Figure 22.

Figure 22: **Capital and related project summary**

Project type ($000s)	Revenue/funding	Spending to Aug. 31, 2017	Remaining to spend
Facilities Management			
Above surface/sub surface utilities and distribution	902	(415)	487
Adaptations/renovations and major renewal projects	5,548	(3,995)	1,553
AODA* projects	488	(88)	400
Audits and studies	688	(497)	191
Buildings	3,311	(2,290)	1,021
Energy conservation and demand management	199	(107)	92
Major capital projects	56,421	(11,012)	45,409
New construction and replacement (under $1M)	327	(224)	103
Residence projects	3,634	(645)	2,989
Roads, parking lots, walkways, structures, surface drainage	245	(199)	46
Vehicles and wheeled equipment	229	(164)	65
FM – surplus/(deficit)	(196)	(28)	(224)
Total Facilities Management projects	**71,797**	**(19,664)**	**52,133**
Information Technology Services			
Enterprise software projects	8,771	(5,417)	3,354
Hardware evergreening projects	3,003	(1,575)	1,428
Hardware growth projects	934	(603)	331
IT infrastructure projects	201	(70)	131
ITS – surplus/(deficit)	82		82
Total Information Technology Services projects	**12,990**	**(7,666)**	**5,324**
Total capital and related projects	**84,787**	**(27,330)**	**57,457**

* AODA – Accessibility for Ontarians with Disabilities.

Paramount to the FM project selection is the ongoing emphasis to reduce the outstanding deferred maintenance backlog as reported in the condition assessments performed by VFA Inc. (through the Council of Ontario Universities). The outstanding deferred maintenance balance based on the VFA Asset List Report as of May 2017 was $167 million that have accumulated over a number of year of under-investing. This level of deferred maintenance translates into an overall facilities condition index (FCI) rating of 0.18 (deferred maintenance divided by the current replacement value). The lower the FCI, the better the condition of the asset. An FCI rating of 0.18 is considered “poor” especially compared to other Ontario Universities with an average FCI index of 0.10.

Capital fund balance activity

Figure 23 highlights the forecasted activity and ending balance of internally restricted capital and infrastructure projects and reserves (the capital fund). The negative ending balance forecasted in the FM capital fund is the result of pre-encumbering the 2018-19 capital and related project budget for the Brock LINC project ($4.9 million) and Brock District Energy Efficiency Project ($1.3 million). The negative ending balance forecasted in the ITS capital fund is the result of pre-encumbering the 2018-19 and 2019-20 capital and related project budgets for the implementation of the new HR system – the HR component of Workday.

Figure 23: **Capital fund activity**

($000s)	FM	ITS	Total capital fund	Source
Opening balance (April 30, 2017)	9,696	2,016	11,712	Audited Financial Statements
2017-18 approved capital and related project budget (recorded as an expense in operating costs)	8,719	3,408	12,127	2017-18 Budget
Vehicle sale (transfer from operating)	4		4	
Other transfers from operating (various units)				Unit forecasts
Funding from Encumbrance Reserve	100	28	128	
Less: forecasted spending	(56,938)	(5,786)	(62,724)	Capital plan
Spending covered by external grants and donations	35,753		35,753	Ministry of Advanced Education and Skills Development and external donations
Forecasted Ending Balance (April 30, 2018)	**(2,666)**	**(334)**	**(3,000)**	
Components				
Work-in-progress	(2,666)	(334)	(3,000)	
Reserve			-	
Total	**(2,666)**	**(334)**	**(3,000)**	

Trimester one and remaining year activity

Last year we moved to trimester reporting to better match financial reporting with the inherent timing of the operations of Brock. Figure 24 details the in-year activity and forecast on a funding basis for trimester one. As shown in Figure 25, personnel costs as of Aug. 31 are only 29.3 per cent of the forecasted spend which compares to 30.7 per cent as of Aug. 31, 2016.

Figure 24: **Funding in-year activity and forecast**

($000s)	2016-17 Funding actual	2017-18 Funding budget	Activity from May 1 to Aug. 31	Forecast for Sept. 1 to April 30	2017-18 Funding Forecast @ Aug 31
Revenue					
Student fees	158,341	167,875	89,626	77,274	166,900
Grant revenue	95,009	96,326	29,979	66,347	96,326
Internal chargebacks	9,703	8,792	896	7,874	8,770
Inter-fund revenue	4,859	3,138	1,428	1,710	3,138
Other revenue	46,182	47,826	23,932	22,326	46,258
Total revenues	**314,094**	**323,957**	**145,861**	**175,531**	**321,392**
Operating costs					
Personnel costs	(196,994)	(213,345)	(61,053)	(152,769)	(213,822)
Inter-fund expenses	(20,965)	(18,184)	(14,851)	(3,336)	(18,187)
Other operating costs	(90,611)	(92,428)	(28,025)	(63,895)	(91,920)
Total operating costs	**(308,570)**	**(323,957)**	**(103,929)**	**(220,000)**	**(323,929)**
Funding surplus/(deficit) before discretionary appropriations	**5,524**	**-**			**(2,537)**
Discretionary appropriations	**(5,500)**				
Funding surplus/(deficit) after discretionary appropriations	**24**	**-**			**(2,537)**

Figure 25

	2016-17 Actual			2017-18 Forecast		
	May 1 to Aug. 31	Full year	Per cent spent to Aug. 31	Actual May 1 to Aug. 31	Full Year	Per cent spend to Aug. 31
Personnel costs	60,540	196,994	30.7%	62,744 [1]	213,822	29.3%
Other operating costs	27,495	90,110	30.5%	28,025	91,920	30.5%

(1) The 2017-18 May 1st to Aug 31st actual personnel costs have been adjusted to allow for comparison to the 2016-17 actuals as a result of the transition from monthly pay to bi-weekly pay for certain personnel groups during the trimester.

Figure 26

($000s)	2015-16	2016-17	2017-18
Funding surplus/(deficit)			
Budget	(3,937)	(3,920)	-
First forecast (Q2/T1) [1]	(1,620)	(4,696)	**(2,537)**
Second forecast (Q3/T2) [1]	2,350	(156)	**N/A**
Final actual results	4,510	5,524	**N/A**
Funding surplus/(deficit) as a percentage of revenue			
Final actual revenue [2]	301,418	314,094	**321,392**
Budget	-1.3%	-1.2%	**0.0%**
First forecast (Q2/T1) [1]	-0.5%	-1.5%	**-0.8%**
Second forecast (Q3/T2) [1]	0.8%	0.0%	**N/A**
Final actual results	1.5%	1.8%	**N/A**

(1) In 2015-16 Q2 represents the second quarter and Q3 represents the third quarter. In 2016-17 and 2017-18 T1 represents trimester one and T2 represents trimester two.
(2) 2017-18 represents the trimester one forecast.

This report is forward-looking and requires certain assumptions and estimates. Users are cautioned that actual results may differ. Since we began reporting financial information in this capacity we have documented the approval of deficit budgets followed by actual year-end surplus. The history is detailed in Figure 26. There is often the question of what happens to the surplus funds at the year-end. In 2016-17 these funds went to support capital projects, the strategic initiative fund (i.e. funding for Canadian Foundation for Innovation grants, Provost Fund, President's Enhancement Fund), and the debt repayment reserve. It is envisioned that through the adoption of a new responsibility-based budget model a portion of future surpluses will be retained by Faculties in their strategic fund.

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). Figure 27 details 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 93 of the 2017-18 Budget Report for detailed explanations of all the adjustments, reclassifications and eliminations. These adjustments, reclassifications and eliminations for the 2017-18 forecast were consistently applied with those of the 2017-18 budget with one slight exception. The post-retirement benefits adjustment (#10 in Figure 28) uses the 2016-17 actual net actuarially calculated benefit plus a growth rate rather than the 2015-16 actual benefit as was used for the 2017-18 budget given the 2016-17 actuals were not available at the time of preparing the budget.

Figure 27

($000s)	2017-18 NFPS budget	2016-17 Funding forecast	NFPS adjustments	Note	Reclass of inter-fund transfers	Eliminate Internal chargebacks	2017-18 NFPS forecast
Revenue							
Student fees	167,875	166,900					166,900
Grant revenue	95,028	96,326	(1,298)	1			95,028
Internal Chargebacks		8,770				(8,770)	
Inter-fund revenue		3,138	(719)	2	(2,419)		
Other revenue	70,958	46,258	20,713	3-5	2,419		69,390
Total revenue	**333,861**	**321,392**	**18,696**		**-**	**(8,770)**	**331,318**
Personnel costs	(213,445)	(213,822)	721	10-11			(213,101)
Inter-fund expenses		(18,187)	14,350	8-9	3,837		
Operating costs	(120,131)	(91,920)	(33,561)	3-7	(3,837)	8,770	(120,548)
Total costs	**(333,576)**	**(323,929)**	**(18,490)**		**-**	**8,770**	**(333,649)**
Funding surplus/ (deficit)	**285**	**(2,537)**	**206**		**-**	**-**	**(2,331)**

Figure 28

Note	Reconciliation of NFPS adjustments ($000s)	
1	Capital grants	(1,298)
2	Funding from reserves	(719)
3	Amortization of deferred capital contributions	7,618
4	Research, including fellowships	11,011
5	Endowment & trust spending	2,084
	Total revenue adjustments	**18,696**
3	Amortization of capital assets	(19,923)
4	Research, including fellowships	(11,011)
5	Endowment & trust spending	(2,084)
6	Principal payments	2,357
7	Non-capital purchases in capital and infrastructure project reserves net of capital purchases from operating	(2,900)
8	Funding of capital and reserves	14,049
9	Sinking fund	301
10	Post-retirement benefits	(1,279)
11	Pension	2,000
	Total costs adjustments	**(18,490)**

Internally restricted reserves

The funding basis is prepared on a committed cash receipts/ disbursements accounting basis and recognizes transfers to/from reserves and other funds as revenue/expenses. An example of this is the $12 million budgeted for the capital and related project program recorded in the funding budget as an operating expense. As a general rule, by budgeting these transfers we can ensure we have not overextended and have the actual cash to pay for planned initiatives. In this respect, we maintain a number of internally restricted reserves. Figure 29 details these reserves as well as their forecasted activity to the end of the year.

The forecast for the operating project accounts, research funds with no external obligations, start-up funds, professional expense reimbursement accounts and the encumbrance reserve are forecasted to have no net change. While funding from the funding budget does exist for these reserves, the expectation is an equal amount of spending will occur. The change in each of the remaining funds is based on the expected funding/spending in each reserve during the year.

Figure 29: **Internally restricted reserve balances**

($000s)	Opening balance (May 1, 2017)	Forecast increase/(decrease)	Forecasted closing balance (April 30, 2018)
Capital and infrastructure projects and reserves	11,712	(14,712)	**(3,000)**
Operating project accounts	1,664		**1,664**
Research funds with no external obligations	2,083		**2,083**
Start-up funds	1,142		**1,142**
Professional expense reimbursement (PER) accounts	2,556		**2,556**
Sinking fund	6,413	301	**6,714**
Employee future benefits reserve	3,041	900	**3,941**
Debt repayment reserve	2,895	1,022	**3,917**
Contingency reserve	2,568		**2,568**
Strategic initiative fund	3,894	(1,025)	**2,869**
Encumbrance reserve	745		**745**
Total	**38,713**	**(13,514)**	**25,199**

A number of these reserves can be allocated to the Teaching Faculties. Figure 30 below, details the balances of three of these reserves along with the balance of external research grants as of the end of the first trimester – Aug. 31, 2017.

Figure 30: **Balances by Faculty as of Aug. 31, 2017**

($000s)	Research funds with no external obligations	Start-up funds	PER and accountable allowance accounts	External Research Grants	Total
Faculty of Applied Health Sciences	822	698	542	1,273	3,335
Faculty of Education	4	22	265	258	549
Faculty of Humanities	24	9	476	259	768
Faculty of Mathematics and Science	847	108	701	2,594	4,250
Faculty of Social Sciences	1,169	608	833	2,723	5,333
Goodman School of Business	(162)	(32)	507	566	879
Library	5		43		48
Other units	3		96	3,153	3,252
Total	**2,712**	**1,413**	**3,463**	**10,826**	**18,414**

Appendix 1

Multi-year financial results on a funding basis

Figure 31

($000s)	2017-18 Forecast	2017-18 Budget	2016-17 Actual	2015-16 Actual	2014-15 Actual
Revenue					
Student fees	**166,900**	167,875	158,341	151,382	145,167
Grant revenue	**96,326**	96,326	95,009	93,201	97,324
Internal chargebacks	**8,770**	8,792	9,703	7,522	7,111
Inter-fund revenue	**3,138**	3,138	4,859	2,585	180
Other revenue	**46,258**	47,826	46,182	46,728	49,003
Total revenue	**321,392**	**323,957**	**314,094**	**301,418**	**298,785**
Operating costs					
Personnel costs	**(213,822)**	(213,345)	(196,994)	(193,777)	(192,894)
Inter-fund expenses	**(18,187)**	(18,184)	(20,965)	(17,700)	(15,364)
Other operating costs	**(91,920)**	(92,428)	(90,611)	(85,431)	(83,013)
Total operating costs	**(323,929)**	**(323,957)**	**(308,570)**	**(296,908)**	**(291,271)**
Funding surplus/(deficit) before discretionary appropriations	**(2,537)**	**-**	**5,524**	**4,510**	**7,514**
Discretionary appropriations			**(5,500)**	**(4,499)**	**(6,175)**
Funding surplus/(deficit) after discretionary appropriations	**(2,537)**	**-**	**24**	**11**	**1,339**

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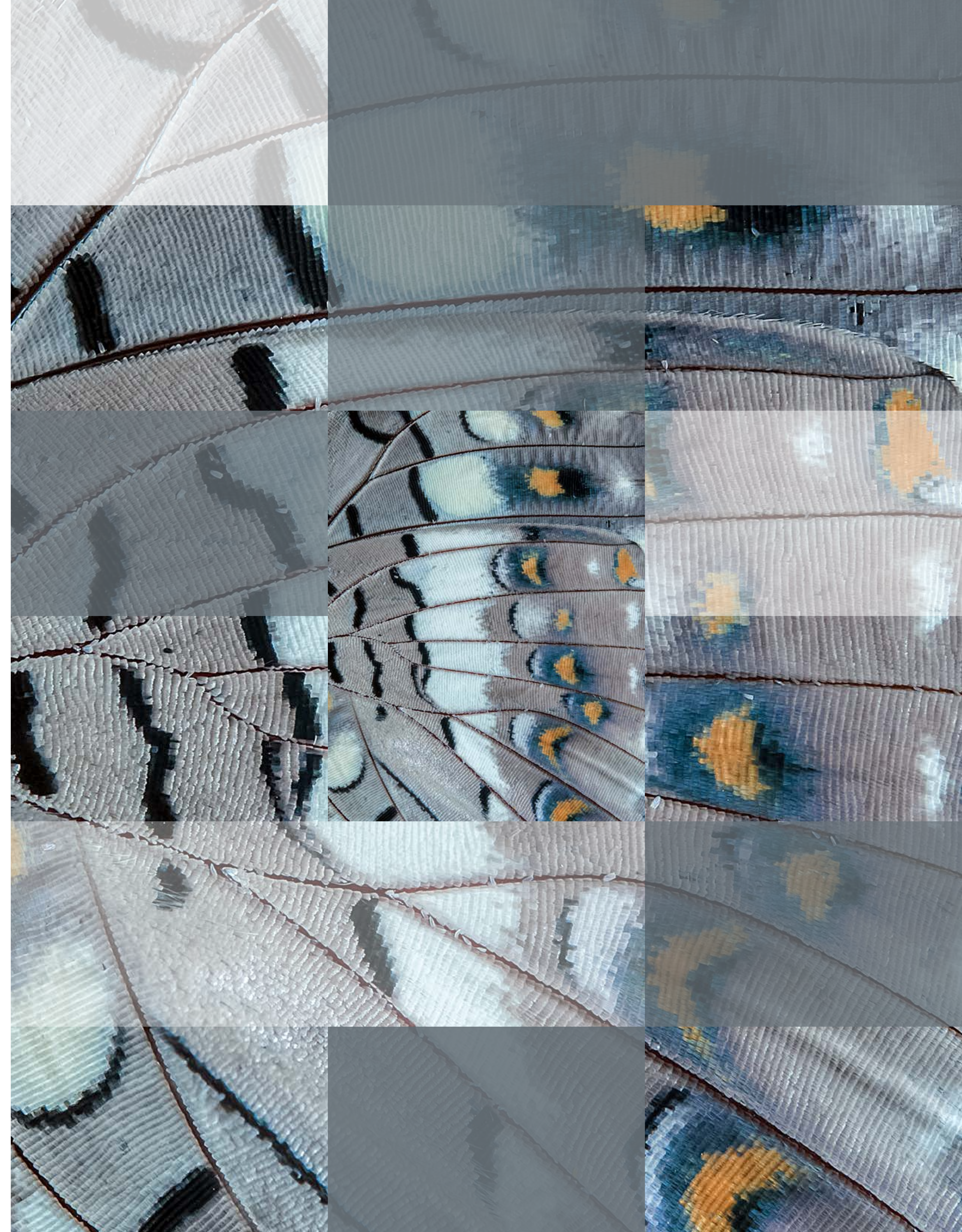

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