

2022-2023

Trimester 1 Report

May 1, 2022 to August 31, 2022

Brock
University

Executive summary

This report covers the period from May 1, 2022 to Aug. 31, 2022. The trimester one report focuses on revenue estimates given that enrolment registrations and residence occupancy is highly predictable at Aug. 31. The focus on revenue is to provide ample time to mitigate shortfalls or consider investment opportunities for surpluses over the remaining two trimesters of the fiscal year.

Prior to delving into the forecast, it is appropriate to reflect on the significant accomplishments of the University community that has brought us back to in person learning with the return of a vibrant and bustling campus. Prior to the start of the fall term, Brock was honoured to host the 28th Canada Summer Games. Brock’s presence in the community, and on the national stage was elevated as we hosted over 5,000 athletes, coaches, and staff until Aug. 21. Immediately following the Canada Games, our staff pivoted to make ready our residences for a record number of students to move into their new home away from home. On Saturday, Sept. 3 and Sunday, Sept. 4, Brock’s on-campus residences welcomed more than 2,600 students for the largest Move-in Weekend in the University’s history. Brock’s hallways are full again with students beginning their in-person classes, long lines at the Starbucks and Tim Hortons on campus have returned, our parking lots are packed and this is all supported by our dedicated faculty and staff who have maintained our academic, research and community activities through transitions between virtual and in person learning.

Reviewing the results of trimester one we note that student fees are forecasted to be down vs. budget by \$11.6 million or 5.7 per cent. Ancillary revenues and investment income were favourable to budget offsetting this shortfall by \$1.2 million, netting an overall revenue shortfall of \$10.4 million or 2.7 per cent of the total revenue budget. These results are challenging given the significant cost containment measures the University has employed over the recent years to address the 10 per cent domestic tuition rate reduction and subsequent tuition freeze, followed by the impacts of the global pandemic. The 2022-23 operating budget included a mitigation plan of \$3.0 million to achieve a balanced result; therefore, this updated revenue forecast increases the mitigation target to \$13.4 million as a result of not meeting our enrolment targets. While the focus of this report does not include expenses, Financial Services performed an analysis on expenses to provide some assurance on our mitigation plans developed immediately following the recognition our enrolment plan would not meet target. Taking into consideration the impact of this expense review, we believe a balanced funding result for fiscal 2022-23 remains achievable pending any significant setbacks related to the global pandemic. The greater challenge will be the development of the 2023-24 budget plan, noting enrolment shortfalls will have flow through implications into future years.

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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:

Students Experience: MAY 30, 2022– Brock’s Smart Start student staff are set to begin in-person delivery of the summer orientation program for the first time since 2019:

Research: JULY 12, 2022 – PhD student Jeremia Coish (left) and his supervisor, Associate Professor of Health Sciences Adam MacNeil, recently published research showing that antibodies that fight dengue fever could potentially enhance Zika infection.

Community Engagement: JUNE 08, 2022 – Patrick Catholic Elementary School students Ella Bolan, Jack Braganza, Zoey Sibblad and Payton Foster pitched their refreshing drinks at the Goodman Lemonade event.

Inclusivity: MAY 30, 2022 – Interim Brock University President Lynn Wells, Pride Niagara Board Chair Enzo De Divitiis, and Gender and Sexual Violence Education Co-ordinator Eve Nyambiya hold Brock’s all-inclusive flag as it’s raised to celebrate Pride Month.

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 16](#).

Figure 1

(\$000s)	Funding			NFPS		
	2022-23 Forecast	2022-23 Budget	Difference better/(worse)	2022-23 Forecast	2022-23 Budget	Difference better/(worse)
Revenue						
Student fees	192,677	204,268	(11,591)	193,186	204,777	(11,591)
Grant revenue	99,589	99,589	-	96,636	96,636	-
Internal chargebacks	12,004	11,980	24			-
Inter-fund revenue	12,057	12,057	-			-
Research revenue			-	12,695	12,695	-
Other revenue	63,370	62,176	1,194	69,641	68,326	1,315
Total revenue	379,697	390,070	(10,373)	372,158	382,434	(10,276)
Operating costs						
Personnel costs	(246,181)	(246,181)	-	(248,189)	(248,189)	-
Inter-fund expenses	(32,690)	(32,690)	-			-
Other operating costs	(114,202)	(114,202)	-	(146,188)	(140,941)	(5,247)
Total operating costs	(393,073)	(393,073)	-	(394,377)	(389,130)	(5,247)
Funding surplus/(deficit) – before mitigation	(13,376)	(3,003)	(10,373)	(22,219)	(6,696)	(15,523)
Board approved 2022-23 budget mitigation	3,003	3,003	-	3,003		3,003
T1 forecasted revenue shortfall mitigation	10,373		10,373	8,713		8,713
Funding surplus/(deficit)	-	-	-	(10,503)	(6,696)	(3,807)

Funding operating costs were not forecasted as part of trimester one. As such, the 2022-23 budget was used.



Student Experience



Research



Community Engagement



Inclusivity

Taking a closer look at some of the numbers

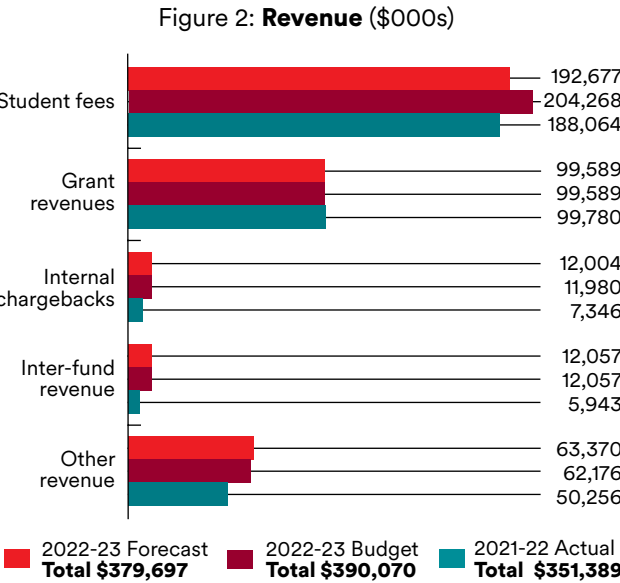
Overview

The 2022-23 trimester one forecast includes mitigation of \$13.4 million for the current fiscal year. In addition to the \$3.0 million mitigation target established in the 2022-23 budget, an additional \$10.4 million was identified as part of the trimester one forecast as a result of a forecasted enrolment shortfall. In the past, in-year savings and underspending have allowed us to mitigate revenue challenges. We do expect certain budgeted expenditures to trend under budget, as such, we believe a balanced funding result for fiscal 2022-23 remains achievable pending any significant setbacks related to the global pandemic.

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

Review of overall revenue

As shown in Figure 2, overall revenue is forecast at \$379.7 million versus the budget of \$390.1 million, showing an unfavourable variance of \$10.4 million, driven mainly by forecasted shortfalls in student fee revenue offset by gains in ancillary revenue and investment income. These variances will be discussed in the following sections.



Student fees and enrolment

As shown in Figures 3 and 4, overall enrolment is forecast to be lower than budget, with 610 less students. Proportionally the largest shortfall was seen in graduate domestic students, 19.9 per cent less than budget, followed by graduate international students 19.1 per cent less than budget, undergraduate international students down 9.4 per cent compared to budget and lastly undergraduate domestic students forecast slightly behind budget.

The lower enrolment forecast translates into overall student fee revenue showing a negative variance to budget of \$11.6 million. Much of the decline versus budget is seen in international tuition, in both undergraduate (\$4.7 million lower than budget) and graduate (\$4.6 million lower than budget) as shown in Figure 5. This decrease is partially due to international students continuing to experience delays in receiving study permits from the Federal Government. Enrolment shortfalls are however, not only due to international challenges. Brock is currently forecasting a shortfall of \$1.8 million in domestic tuition.



As shown in Figure 5, English as a Second Language (ESL) IELP and SELP program tuition revenue is forecast \$0.1 million below budget. The fee revenue forecast is \$0.4 million below budget driven by co-op fees resulting from lower enrolment and carry-through in certain co-op programs as well as lower than budgeted ESL ancillary fees. Note, all tuition is reported in the University Global responsibility centre except for Continuing Teacher Education, Adult Education and ESL.

Figure 3: **All in student headcount by type⁽¹⁾**

Type	2022-23 Forecast	2022-23 Budget	Difference – better/(worse)		2021-22 Actual	Difference – better/(worse)	
			#	%		#	%
Undergraduate – domestic	15,975	15,985	(10)	(0.1%)	15,760	215	1.4%
Undergraduate – international	1,841	2,032	(191)	(9.4%)	1,893	(52)	(2.7%)
Graduate – domestic	1,065	1,330	(265)	(19.9%)	1,197	(132)	(11.0%)
Graduate – international	610	754	(144)	(19.1%)	663	(53)	(8.0%)
Total	19,491	20,101	(610)	(3.0%)	19,513	(22)	(0.1%)

Figure 4: **All in student headcount by Faculty⁽¹⁾**

Faculty	2022-23 Forecast			2022-23 Budget			Difference – better/(worse)	2021-22 Actual	Difference – better/(worse)
	Domestic	International	Total	Domestic	International	Total			
Faculty of Applied Health Science	4,401	211	4,612	4,411	211	4,622	(10)	4,429	183
Goodman School of Business	2,302	898	3,200	2,377	1,078	3,455	(255)	3,368	(168)
Faculty of Education	1,775	54	1,829	1,875	84	1,959	(130)	1,895	(66)
Faculty of Humanities	1,870	97	1,967	1,855	102	1,957	10	1,914	53
Faculty of Mathematics and Science	1,937	511	2,448	1,950	571	2,521	(73)	2,420	28
Faculty of Social Science	4,655	680	5,335	4,747	740	5,487	(152)	5,362	(27)
No Faculty	100		100	100		100	-	125	(25)
Total headcount	17,040	2,451	19,491	17,315	2,786	20,101	(610)	19,513	(22)

¹⁾ Represents student headcount full-time (FT) and part-time (PT). For a definition refer to pg 88 of the 2022-23 Budget Report. The enrolment forecast used for the 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.

MAY 02, 2022: Sudarsana Poojari (left), Senior Staff Scientist at the Cool Climate Oenology and Viticulture Institute (CCOVI), and Linxue Zhang, CCOVI Research Assistant, examine plants in Brock University's new national grapevine germplasm repository facility.



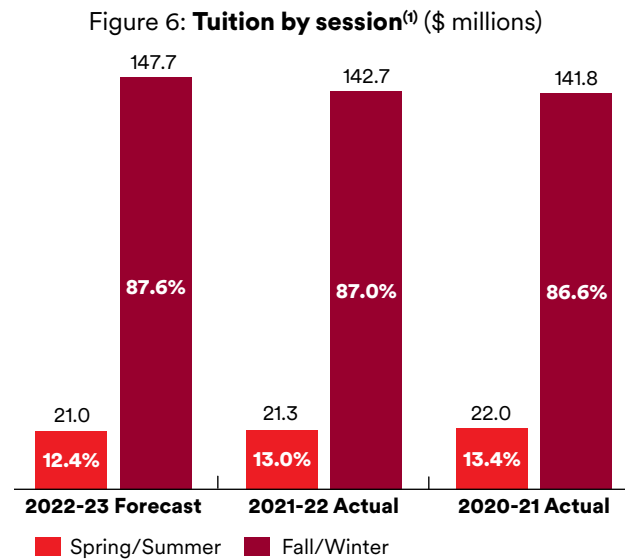
Figure 5: Student fee revenue

(\$000s)	2022-23 Forecast	2022-23 Budget	Difference better/ (worse)
Tuition revenue⁽¹⁾			
Undergraduate – domestic			
Faculty of Applied Health Sciences	25,289	25,347	(58)
Goodman School of Business	16,891	16,979	(88)
Faculty of Education	8,163	8,270	(107)
Faculty of Humanities	10,716	10,501	215
Faculty of Mathematics and Science	12,127	12,087	40
Faculty of Social Sciences	25,747	25,795	(48)
Other ⁽²⁾	313	314	(1)
Total undergraduate – domestic	99,246	99,293	(47)
Graduate – domestic			
Faculty of Applied Health Sciences	2,123	1,971	152
Goodman School of Business	1,685	2,280	(595)
Faculty of Education	732	1,092	(360)
Faculty of Humanities	242	459	(217)
Faculty of Mathematics and Science	601	824	(223)
Faculty of Social Sciences	2,229	2,749	(520)
Total graduate – domestic	7,612	9,375	(1,763)
Total domestic	106,858	108,668	(1,810)
Undergraduate – international			
Faculty of Applied Health Sciences	5,925	5,960	(35)
Goodman School of Business	16,634	18,821	(2,187)
Faculty of Education	456	722	(266)
Faculty of Humanities	2,504	2,530	(26)
Faculty of Mathematics and Science	13,378	14,268	(890)
Faculty of Social Sciences	18,183	19,427	(1,244)
Other ⁽²⁾	41	50	(9)
Total undergraduate – international	57,121	61,778	(4,657)
Graduate – international			
Faculty of Applied Health Sciences	310	301	9
Goodman School of Business	11,453	14,697	(3,244)
Faculty of Education	820	1,093	(273)
Faculty of Humanities	319	416	(97)
Faculty of Mathematics and Science	1,562	2,393	(831)
Faculty of Social Sciences	1,208	1,354	(146)
Total graduate – international	15,672	20,254	(4,582)
Total international	72,793	82,032	(9,239)
Total undergraduate and graduate tuition	179,651	190,700	(11,049)
Continuing Teacher Education – Additional Qualifications (AQ)	806	831	(25)
Adult Education	692	662	30
Intensive and Short-term English Language Programs (IELP & SELP)	674	819	(145)
Total tuition revenue	181,823	193,012	(11,189)
Fee revenue	10,854	11,256	(402)
Total student fees	192,677	204,268	(11,591)

(1) Figures based on Faculty of major.

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

Figure 6 details global tuition by session – spring/summer and fall/ winter for the forecast and the past two years.



(1) Tuition by session does not include International Student Programs (ISP), ESL, Continuing Teacher Education or Adult Education tuition.

Grant revenue

Figure 7 details grant revenue. Grant revenue is forecasted to be consistent with the budget with no known changes at the time of this report. See Appendix 2 for an analysis of the future risks associated with the government performance-based funding model.

Figure 7: Grant revenue

(\$000s)	2022-23 Forecast	2022-23 Budget	Difference better/ (worse)
MCU Operating Grants			
Core Operating Grant	48,362	48,362	
Differentiation Envelope (Performance/ Outcomes-based Funding Grant)	39,426	39,426	
Special Purpose Operating Grant Envelope	3,161	3,161	
International Student Recovery	(1,928)	(1,928)	
Total MCU operating grants	89,021	89,021	-
Other MCU and specific purpose grants	10,568	10,568	-
Total grant revenue	99,589	99,589	-

MAY 19, 2022: Ben Walker, who will graduate from Port Colborne High School this spring and begin classes at Brock in the fall, is one of 59 recipients of the University's 2022 Niagara Principal's Scholarships.

JUNE 15, 2022: Longtime former Brock Athletic Director Bob Davis delivers the Convocation address during the afternoon ceremony after receiving an honorary doctorate from Brock University.

Other revenue

Other revenue, as shown in Figure 8, is forecast to be \$63.4 million, \$1.2 million more than the budget of \$62.2 million. Stronger investment income accounts for \$0.7 million of this increase as well as increased ancillary revenue of \$0.4 million. Investment income will be discussed in the Treasury section of this report. The forecasted increase versus budget in ancillary revenue is driven by dining revenue with an increase of \$0.2 million, residence fees with an increase of \$0.1 million and conference services revenue with an increase of \$0.09 million. Sales and services are also forecast higher than budget by \$0.1 million driven by increased Ontario University Application Centre revenue.

Figure 8: Other revenue

(\$000s)	2022-23 Forecast	2022-23 Budget	Difference better/ (worse)
Residence fees	23,989	23,881	108
Other ancillary revenue	14,540	14,238	302
Total ancillary revenue	38,529	38,119	410
Investment income	2,584	1,884	700
Sales and services	14,323	14,239	84
Asset sale revenue	7,934	7,934	-
Total other revenue	63,370	62,176	1,194

Revenue forecasts by unit

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, Space and Global. As part of the trimester one forecast, the units with significant revenue sources were asked to update their revenue projections. Therefore, only the budgeted and forecasted revenue by responsibility centre is included in this figure. Please note that Figure 9 includes certain reclassifications to the 2022-23 budget as compared to the figures presented in the 2022-23 Budget Report. All reclassifications will be fully reconciled in the future 2023-24 Budget Report, noting the changes did not impact the net reported budget.

Figure 9: **Funding by responsibility centre**

Responsibility centres (\$000s)	2022-23 Forecast revenue	2022-23 Budget revenue	Change of revenue amounts
Teaching Faculties			
Faculty of Applied Health Sciences	637	637	
Goodman School of Business	1,372	1,372	
Faculty of Education	1,777	1,771	6
Faculty of Humanities	593	593	
Faculty of Mathematics and Science	2,638	2,638	
Faculty of Social Sciences	644	644	
Total Teaching Faculties	7,661	7,655	6
Academic Support			
Faculty of Graduate Studies	460	460	
Library	126	126	
Research services	3,977	3,977	
Centre for Pedagogical Innovation	68	68	
Professional and Continuing Studies and ESL	2,402	2,556	(154)
Total Academic Support	7,033	7,187	(154)
Student Specific			
The Office of the Registrar	2,556	2,496	60
Aboriginal Student Services	368	368	
Student Wellness and Accessibility	3,017	3,017	
Student Life and Success	666	666	
Brock International Services	106	106	
Co-op, Career Services and Experiential Education	2,051	2,419	(368)
Brock Sports and Recreation	6,647	6,647	
Total Student Specific	15,411	15,719	(308)
Shared Services			
Information Technology Services	799	799	
Financial Services	589	589	
Human Resources	374	374	
Marketing and Communications	1,080	1,080	
Development and Alumni Relations	914	914	
Human Rights and Equity Services	765	765	
Total Shared Services	4,521	4,521	-
Ancillary			
Ancillary Operations	14,495	14,184	311
Residence	24,280	24,158	122
Total Ancillary	38,775	38,342	433
Space			
Facilities Management	1,677	1,677	
Campus Security Services	150	150	
Campus Development Services and Community Agreements	694	694	
Utilities, Taxes and Insurances	3,048	3,048	
Financing	5,156	5,156	
Total Space	10,725	10,725	-
Global			
Scholarships, Bursaries and Student Awards	3,550	3,550	
Capital	6,976	6,976	
University Global	285,045	295,395	(10,350)
Total Global	295,571	305,921	(10,350)
Total University	379,697	390,070	(10,373)

Treasury

Operating fund investment scorecard

Government of Canada ten-year bond yield was 3.1 per cent at Aug. 31, 2022 (1.2 per cent at the same time last year). Salient to the ten-year rate is that the two-year yield was higher at 3.64 per cent at the end of August highlighting an inverted yield curve. This trend bodes well for short-term investments where we have seen a significant increase in guaranteed investment certificate (GIC) and deposit interest rates. The yield on the operating investment portfolio is currently 3.1 per cent with an average duration of less than 1 year (1.08 per cent yield and less than 1-year average duration at the same time last year). Scotiabank prime rate was 4.70 per cent on Aug. 31, 2022 (2.45 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 ladder⁽¹⁾ strategy was on hold recently with any maturing GICs being held in the 30—day hold account due to this account offering a higher rate than any GIC out to 5 years in duration. With the recent improvement in short-term GIC rates, we have increased our allocation to the GIC ladder⁽¹⁾ which has improved overall yield and has

resulted in stronger than budgeted returns. As a result of the higher interest rates and increased investments in GICs, our operating investment income is on track to exceed budget by \$0.7 million. A summary of investment holdings as of Aug. 31, 2022 is shown in Figure 13. Figure 11 outlines monthly investment income performance compared to 2021-22. As detailed in Figure 10, operating investments have achieved 55 per cent of budget as we reach 33 per cent of the way through the fiscal year. The sinking fund has experienced significant volatility with the recent moves in equity prices and interest rates. During the first four months of fiscal 2022-23 the sinking fund posted an annualized 8.5 per cent loss (21.9 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 2045/2060 payout of the University's two debentures and the employee future benefits reserve. The fund requires a 5 per cent annual rate of return for the series A \$93 million debenture and a 5.2 per cent rate of return for the series B \$125 million debenture 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	2022-23 Actuals to Aug. 31	2022-23 Budget	2021-22 Actual	% of Budget achieved
Operating investment income	1,503	1,500	2,159	100%
Sinking Fund	(283)	384	(405)	(73%)
Employee future benefits reserve	(178)		(302)	NA
Investment income⁽¹⁾	1,042	1,884	1,452	55%

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

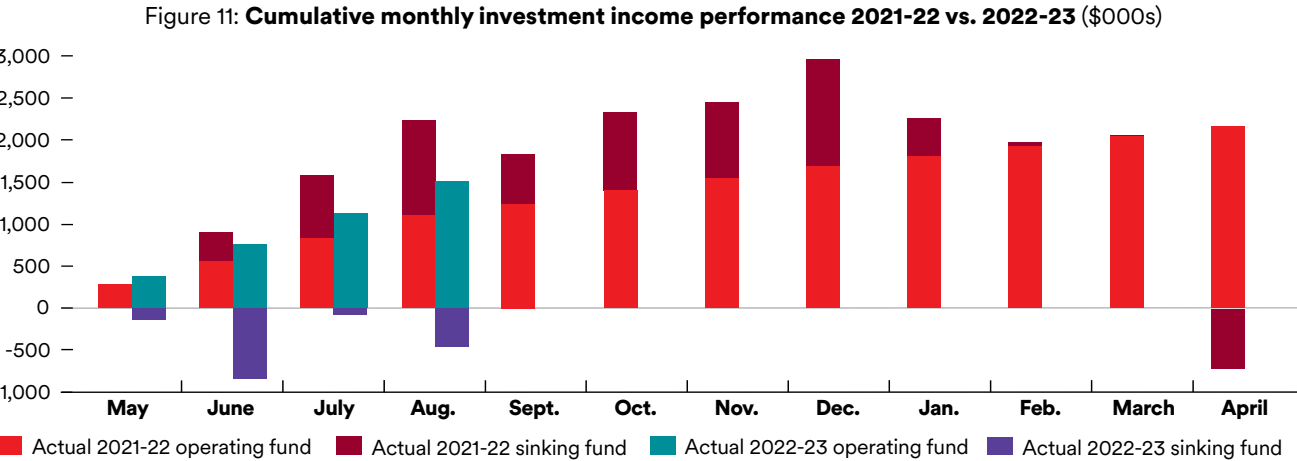


Figure 12: Monthly cash flow – historical trend month-end balances (\$000s)

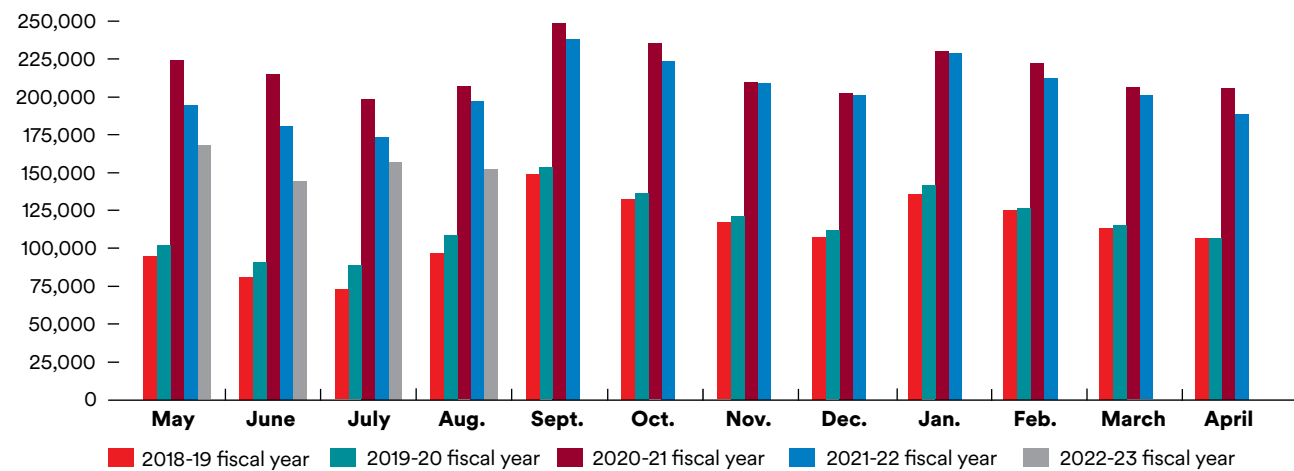


Figure 13: Summary of investment holdings

(\$000s) Unless otherwise stated	Market Value as at Aug. 31, 2022	Annualized rate of return	Fees	Net annualized rate of return
Scotiabank				
General account (\$20 million average minimum balance)	26,907	3.05%	0.00%	3.05%
30 Day GIC	75,000	3.20%	0.00%	3.20%
1 Year GIC	3,000	3.76%	0.00%	3.76%
18 Month GIC	3,000	1.44%	0.00%	1.44%
18 Month GIC	2,500	3.23%	0.00%	3.23%
2 Year GIC	3,000	1.74%	0.00%	1.74%
2 Year GIC	3,000	4.24%	0.00%	4.24%
2 Year GIC	5,000	4.70%	0.00%	4.70%
3 Year GIC	3,000	4.34%	0.00%	4.34%
Total for account	124,407	3.22%	0.00%	3.22%
BMO Nesbitt Burns				
Savings account	3	1.75%	0.05%	1.70%
18 Month GIC	2,500	2.58%	0.05%	2.53%
1 Year GIC	1,049	0.95%	0.05%	0.90%
2 Year GIC	3,000	1.70%	0.05%	1.65%
2 Year GIC	2,500	4.70%	0.05%	4.65%
Total for account	9,052	2.68%	0.05%	2.63%
TD Waterhouse				
1 Year GIC	2,999	1.40%	0.00%	1.40%
Total for account	2,999	1.40%	0.00%	1.40%
Mawer – balanced fund				
Sinking fund series A Bond	8,198			
Sinking fund series B Bond	1,488			
Employee future benefits reserve	6,101			
Total for account	15,787	-8.52%	0.25%	-8.77%
Portfolio consolidated total	152,245	1.93%	0.03%	1.90%



JUNE 29, 2022: Brock University and MTechHub signed a Memorandum of Understanding that will see the two organizations work together to strengthen the Canadian manufacturing industry. Pictured from left are Burlington Mayor Marianne Meed Ward, MTechHub Executive Director Mark Corker, Interim President and Vice-Chancellor of Brock University Lynn Wells and Brock's Associate Vice-President, Professional and Continuing Studies April-Dawn Blackwell.

Our debt

Future debt maturities are noted in Figure 14. Brock secured additional debt financing of \$15.5 million on June 27, 2022 to fund the acquisition of 3401 Schmon Parkway from Enbridge Inc. The loan includes a fixed interest rate of 3.91 per cent through an interest rate swap agreement, locked in for 5 years, amortizing over a fifteen-year period. The acquired property is 8.16 acres of land, with an 86,591 sq. ft. commercial building on the site. The strategic acquisition was made to address the growing space requirements

of the University with usage being determined through a renewed space master planning process underway. Brock also repaid the remaining \$20.6 million balance outstanding on the loan for the Roy and Lois Cairns Health and Bioscience Research Complex which matured on July 4, 2022. The debt forecast is within financial metric ranges of the University's current credit rating; however, total debt outstanding is approaching the upper limits of the A rating. DBRS Morningstar currently rates Brock's credit rating at A (high) with Stable trends.

Figure 14: Outstanding debt

(\$000s) Unless otherwise noted	Actual						Forecast		
	April 30, 2017	April 30, 2018	April 30, 2019	April 30, 2020	April 30, 2021	April 30, 2022	April 30, 2023	April 30, 2024	April 30, 2025
2005 Bond	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000
Roy and Lois Cairns Health and Bioscience Research Complex	24,863	24,109	23,319	22,491	21,624	20,715			
3401 Schmon Parkway							14,208	12,658	11,108
Residence	15,215	14,333	13,385	12,366	11,271	10,095	8,831	7,473	6,014
Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA)	15,960	15,240	14,520						
2020 Bond and Scotia loan				14,400	139,400	139,400	139,400	139,400	125,000
Total debt	149,038	146,682	144,224	142,257	\$265,295	\$263,210	\$255,439	\$252,531	\$235,122
Total student FFTE⁽¹⁾	20,086	20,303	20,548	21,597	21,896	21,689	22,475	22,980	23,090
Total debt/FFTE (in dollars)⁽¹⁾	\$7,420	\$7,225	\$7,019	\$6,587	\$12,116	\$12,136	\$11,365	\$10,989	\$10,183
Debt reduction strategy									
Sinking fund – 2005 Bond	6,413	6,696	7,370	7,607	8,843	8,437	8,859	9,302	10,172
Sinking fund – 2020 Bond						1,532	3,185	4,879	7,567
Debt repayment reserve	2,895	4,457	6,753	384	1,884	3,153			
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	7,991	10,727	13,122	12,044	14,181	17,739
Net debt	133,687	129,208	123,552	134,266	254,568	250,088	243,395	238,350	217,383
Net debt/FFTE (in dollars)⁽¹⁾	\$6,656	\$6,364	\$6,013	\$6,217	\$11,626	\$11,531	\$10,830	\$10,372	\$9,415

(1) Fiscal full-time enrolment (FFTE). For a definition, refer to page 88 of the 2022-23 Budget Report. Note: Forecasted FFTEs have not been updated from the 2022-23 Fiscal Framework.

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
Student experience projects	2.490%	Interest only payments until June 2024.	June 2024	359
Student experience projects – line of credit	Bankers Acceptance + 45 basis points	Due on demand	NA	NA
Debenture payable (bullet) – 2005	4.967%	Interest payable semi-annually \$2,309,655.	December 2045	4,619
Debenture payable (bullet) – 2020	3.033%	Interest payable semi-annually \$1,895,625.	May 2060	3,791
3401 Schmon Parkway	3.910%	Serial amortizer loan with fixed principal payments of \$1,550,000 annually plus interest	June 2032	Approx. 2,077

Debt retirement assets

	Required rate of return	Payment terms	Date to be paid in full	Annual payment (\$000s)
Sinking fund investment – 2005 Bond	5.000%	Policy requires Brock to annually review sinking fund investment performance and required contributions.	December 2045	As per Fiscal Framework
Sinking fund investment – 2020 Bond	5.200%	Policy requires Brock to annually review sinking fund investment performance and required contributions.	May 2060	As per Fiscal Framework
Debt reduction reserve	N/A	Annual contribution to an internally restricted reserve for debt repayment initially approved by the Board of Trustees on March 12, 2015.	N/A	As per Fiscal Framework

Figure 16: Debt metrics

	Published range current credit rating	2021-22 Fiscal year	2020-21 Fiscal year
Fiscal full-time equivalent (FFTE)		21,389	21,896
Total long-term debt/FFTE (\$)	10.000 – 15.000	12,306	12,116
Interest coverage ratio	1.3 times to 2.5 times	2.98 times	3.00 times
Surplus-to-revenue	0% to 1% (5 year average)	2.8%	3.2%



JULY 18, 2022: Brock's Acting Vice-Provost, Indigenous Engagement Robyn Bourgeois visits the University's teaching lodge, which underwent a birthing ceremony on Friday, July 8.



JULY 19, 2022: Tim Kenyon, Brock University's Vice-President, Research, has been appointed to a second term, effective Jan. 1, 2023.



Brock University was named the Official University Partner of the Niagara 2022 Canada Summer Games, which took place Aug. 6 to 21 across the Niagara region.

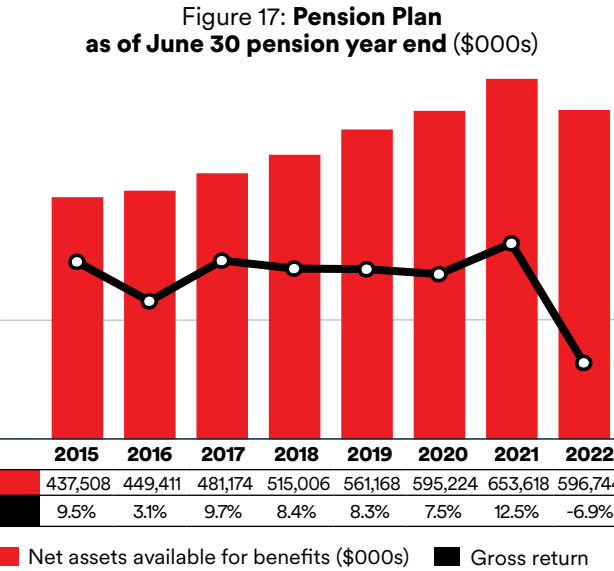
Pension

The actuarial valuation on the pension plan completed as at January 1, 2020, indicated the plan was 98 per cent funded on a going-concern basis (96 per cent as at July 2017 valuation) and 106 per cent on a solvency basis (105 per cent as at July 2017 valuation). The going concern deficit improved mainly due to strong investment returns, offset by new legislation to fund a provision for adverse deviation (Pfad) which is a requirement for all single employer sponsored pension plans. 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 \$12.7 million (\$17.9 million as at July 2017 valuation) has required special payments into the plan of \$1.46 million and current service cost payments for the plan of \$14.53 million for a total cost to the University of \$15.99 million annually. Employees also contribute to the money purchase component of the plan (defined contribution) an additional \$7.99 million resulting in an employer to employee funding ratio of 2.0 to 1.0.

Mercer is currently updating the full valuation as at July 1, 2022. The valuation will be brought forward for approval in December. The updated valuation will

result in changes to the special payments required to fund the plan dependent on the change to the funded status of the plan as determined by the valuation.

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



Capital

University infrastructure investment is ongoing as we invest in new and current space and technology to support and improve the student, academic and research experience. Figure 18 illustrates the number of open capital and related projects. These projects include all 2022-23 projects as well as uncompleted

prior year projects. Note: the majority of the 2022-23 projects were opened prior to May 1, 2022. Figure 19 illustrates the activity to Aug. 31, 2022 with respect to the type and dollar amount of projects. The established 2022-23 capital and related projects budget is \$14.82 million (Information Technology Services Projects – \$5.33 million; Facilities Management Projects – \$9.49 million).

Figure 18: Status of capital projects as of Aug 31, 2022

(\$000s)	Facilities Management	Residence and ancillary services	Information Technology Services
Total projects open as of April 30, 2022	87	16	56
Projects opened to Aug. 31, 2022	6	1	
Projects closed/completed to Aug. 31, 2022	(13)		
Total projects open as of Aug. 31, 2022	80	17	56

Figure 19: Capital and related project summary

Project type (\$000s)	Revenue/ funding ⁽¹⁾	Spending to Aug. 31, 2022	Remaining to spend
Facilities Management			
AODA* Projects	428	(31)	397
Above surface/sub surface utilities, drainage, roads, parking lots, sidewalks	4,075	(2,062)	2,013
Adaptations/renovations and major renewal projects	4,134	(2,429)	1,705
Audits and studies	948	(298)	650
Buildings	9,585	(3,201)	6,384
Energy conservation and demand management	2,912	(1,730)	1,182
Major capital projects	12,627	(8,961)	3,666
Vehicles and wheeled equipment	558	(89)	469
FM – surplus/(deficit)	789		789
Total Facilities Management projects	36,056	(18,801)	17,255
Residence and Ancillary Services			
Above surface/sub surface utilities, drainage, roads, parking lots and sidewalks	6,591	(5,720)	871
Adaptations/renovations and major renewal projects	12,776	(12,294)	482
Buildings	91,953	(87,621)	4,332
Residence and Ancillary Services – surplus/(deficit)			
Total Residence and Ancillary Services	111,320	(105,635)	5,685
Information Technology Services			
Enterprise software projects	13,701	(10,162)	3,539
Hardware evergreening projects	2,984	(316)	2,668
Hardware growth projects	868	(69)	799
IT infrastructure projects	826	(28)	798
ITS – surplus/(deficit)	62		62
Total Information Technology Services projects	18,441	(10,575)	7,866
Total capital and related projects	165,817	(135,011)	30,806

* 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.



AUGUST 10-14 2022: Archaeologist Kimberly Monk (standing at back of trench, with headset) walks visitors through the Shickluna Shipyard site while a group of field school participants (front) continue excavation of a 19th-century boat house.

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 2022-23 Budget Report for detailed

explanations of all the adjustments, reclassifications and eliminations. These adjustments, reclassifications and eliminations for the 2022-23 forecast were consistently applied with those of the 2022-23 budget. The forecast for NFPS adjustment #4 has been updated and in addition the NFPS forecast also includes anticipated spending in the strategic initiative fund which is not recorded on a funding basis. It is interesting to note that Brock is the only DBRS rated University that fully reconciles and converts budget to NFPS.

Figure 20

(\$000s)	2022-23 NFPS budget	2022-23 Funding forecast	NFPS adjustments	Note	Eliminate inter-fund transfers	Eliminate internal chargebacks	2022-23 NFPS forecast
Revenue							
Student fees	204,777	192,677	509	1			193,186
Grant revenue	96,636	99,589	(2,953)	2			96,636
Internal Chargebacks		12,004				(12,004)	
Inter-fund revenue		12,057			(12,057)		
Research revenue	12,695		12,695	3			12,695
Other revenue	68,326	63,370	6,271	4-6			69,641
Total revenue	382,434	379,697	16,522		(12,057)	(12,004)	372,158
Personnel costs	(248,189)	(246,181)	(2,008)	3,9-11			(248,189)
Inter-fund expenses		(32,690)	(1,402)	3,5	34,092		
Operating costs	(140,941)	(114,202)	(43,990)	1,3-8		12,004	(146,188)
Total costs	(389,130)	(393,073)	(47,400)		34,092	12,004	(394,377)
Funding surplus/ (deficit) before mitigation	(6,696)	(13,376)	(30,878)		22,035	-	(22,219)
Mitigation target		13,376	(1,660)				11,716
Funding surplus/ (deficit) after mitigation	(6,696)	-	(32,538)		22,035	-	(10,503)

Figure 21

Note	Reconciliation of NFPS adjustments (\$000s)	
1	Course fee revenue	509
2	Capital grants	(2,953)
3	Research, including fellowships	12,695
4	Amortization of deferred capital contributions	9,638
5	Endowment and Trust Spending	4,325
6	Proceeds of asset sales	(7,692)
	Total revenue adjustments	16,522
1	Course fee spending	(509)
3	Research spending – personnel	(3,237)
3	Research spending – operating costs	(9,458)
4	Amortization of capital assets	(29,578)
5	Endowment & Trust Spending	(4,325)
7	Principal payments	2,492
8	Capital purchases in operating	1,655
9	Capital and infrastructure project reserves spending – personnel	(478)
9	Capital and infrastructure project reserves spending – operating	(2,826)
10	Post-retirement benefits	244
11	Pension	1,463
12	Spending in strategic funds	(2,843)
	Total costs adjustments	(47,400)



AUGUST 15, 2022: Lesley Rigg joins Brock University as its next President and Vice-Chancellor on Nov. 1, 2022.

AUGUST 20 and 21 2022: Stephen Harris of the Brock men's rowing team won three gold medals during rowing events at the Niagara 2022 Canada Summer Games.

Reserves

Figure 22 outlines internally restricted reserve balances that have been established for strategic priorities. As at Aug. 31, 2022, Brock has \$39.9 million in unspent research, professional development and strategic fund support dollars for faculty and other units including the President, Provost and Vice-President, Academic, Vice-President, Research, Vice-President, Administration and Faculty Deans. This amount compares to \$33.0 million available in the same accounts at this time last year.

Figure 22: Balances by Faculty as of Aug. 31, 2022

(\$000s)	Operating project accounts	Research funds with no external obligations	Start-up funds	PER and accountable allowance accounts	Strategic fund ⁽¹⁾	Total
Faculty of Applied Health Sciences	167	1,375	1,169	966	927	4,604
Faculty of Education	394	106	169	565	208	1,442
Faculty of Humanities	(197)	102	71	704	544	1,224
Faculty of Mathematics and Science	568	667	1,792	831	1,913	5,771
Faculty of Social Sciences	843	837	783	1,465	1,052	4,980
Goodman School of Business	951	156		741	1,460	3,308
Library	37	6		120		163
Other units	695	929		79	16,671	18,374
Total	3,458	4,178	3,984	5,471	22,775	39,866

(1) Allocated through the revenue and expense allocation model.

Appendix 1

Multi-year financial results on a funding basis

Figure 23

(\$000s)	2022-23 Forecast	2022-23 Budget	2021-22 Actual	2020-21 Actual	2019-20 Actual
Revenue					
Student fees	192,677	204,268	188,064	186,012	185,078
Grant revenue	99,589	99,589	99,780	106,724	96,788
Internal chargebacks	12,004	11,980	7,346	3,098	8,484
Inter-fund revenue	12,057	12,057	5,943	8,843	4,920
Other revenue	63,370	62,176	50,256	24,319	51,707
Total revenue	379,697	390,070	351,389	328,996	346,977
Operating costs					
Personnel costs	(246,181)	(246,181)	(221,304)	(214,657)	(220,419)
Inter-fund expenses	(32,690)	(32,690)	(28,926)	(18,143)	(25,900)
Other operating costs	(114,202)	(114,202)	(97,262)	(83,302)	(93,000)
Total operating costs	(393,073)	(393,073)	(347,492)	(316,102)	(339,319)
Forecasted revenue shortfall mitigation	3,003	-			
Mitigation target	10,373	3,003			
Funding surplus/(deficit) before discretionary appropriations	-	-	3,897	12,894	7,658
Discretionary appropriations			(3,896)	(12,885)	(7,650)
Funding surplus/(deficit) after discretionary appropriations	-	-	1	9	8



AUGUST 22, 2022: Brock's Centre for Bone and Muscle Health marks 10 years of research, and community impact. In this 2017 file photo, Edwin Avila, a PhD candidate who was visiting Brock University from the Italian Institute of Technology, demonstrates the 'wristbot,' a robot used to examine how the forearm muscles control the hand. This unique equipment is in a lab of the Centre for Bone and Muscle Health. Taking readings in the background is Kinesiology master's student Garrick Forman.

Appendix 2

Theoretical performance-based grant funding allocation

While there is no forecasted change to the grant budget, this analysis is provided to highlight future risks associated with the governments performance-based funding model intended to take effect in 2023-24. Figures 24 and 25 were provided by the Ministry of Colleges and Universities (MCU) after the 2021-22 fiscal year-end to inform the University sector of our imputed impact of the new performance-based funding model that was intended to be operational for the Strategic Mandate Agreement 2020-25 (SMA3). Due to the global pandemic the Province announced that performance-based funding would be delayed and will remain as such until the end of the current fiscal year. Starting in 2023-24 the Province has signaled that performance-based funding will commence. The Province also noted that they would remain flexible to have conversations with institutions who do not meet their performance metric targets with the potential to avoid immediate funding cuts; however, the framework for these conversations has not yet been established. The 2021-22 results of

performance-based funding provided by the Province in Figure 24 outlines Brock exceeded our targets in 8 out of 10 areas, which is a significant achievement. However, the funding model would have seen an \$0.87 million reduction in operating grant funding due to missing two of our targets, economic impact and experiential learning. The funding formula does not provide any upside to grant allocations for exceeding expectations, only a reduction if any of the 10 metrics do not fully achieve target. While performance-based funding remains paused for 2022-23, Figure 25 forecasts our performance metrics for the current year which suggests we will exceed our targets on both economic impact and experiential learning; however, a slight shortfall is estimated in graduate employment rate in a related field and community/local impact of student enrolment. The imputed grant reduction is \$0.07 million based on this current estimate. This reduction is not included in the Trimester 1 revenue forecast since the Province has established this model remains on pause. Beyond fiscal 2022-23 performance-based funding will add potential negative variances to our previously fixed level of grant funding from the Province.

Figure 24: Brock University – SMA3 Theoretical Performance-based Funding Allocations

Metric	2021-22					
	Allowable Performance Target	Actual	Target Achievement	Notional Allocation (\$)	Actual Achieved Allocation (\$) ⁽¹⁾	Theoretical Reallocated Funding (\$)
1. Graduate Employment Rate in a Related Field	88.92%	89.80%	100.98%	1,437,053	1,437,053	
2. Institutional Strength/Focus	49.03%	53.35%	108.80%	5,748,211	5,748,211	
3. Graduation Rate	74.37%	74.48%	100.15%	1,437,053	1,437,053	
4. Community/Local Impact of Student Enrolment	20.56%	20.99%	102.05%	8,622,316	8,622,316	
5. Economic Impact (Institution-specific)	1,513	1,308	86.47%	5,748,211	4,970,607	(777,604)
6. Research Funding and Capacity: Federal Tri-Agency Funding Secured	0.70%	0.74%	105.65%	1,437,053	1,437,053	
7. Experiential Learning	39.79%	37.15%	93.37%	1,437,053	1,341,805	(95,248)
8. Research Revenue Attracted from Private Sources	\$1,949,572	\$2,205,333	113.12%	1,437,053	1,437,053	
9. Graduate Employment Earnings	\$40,191	\$45,776	113.90%	1,437,053	1,437,053	
10. Skills and Competencies (Institution-specific)						
Total				28,741,056	27,868,204	(872,852)

(1) Actual Achieved Allocation is calculated by multiplying the Notional Allocation by Target Achievement, to a maximum of 100%. Universities that have Target Achievement of 100% or higher are eligible for reallocated funding from universities that underachieve their targets on that metric that year.

Figure 25: Brock University – SMA3 Theoretical Performance-based Funding Allocations

Metric	2022-23					
	Allowable Performance Target	Actual	Target Achievement	Notional Allocation (\$)	Actual Achieved Allocation (\$) ⁽¹⁾	Theoretical Reallocated Funding (\$)
1. Graduate Employment Rate in a Related Field	88.85%	88.50%	99.61%	1,924,576	1,917,001	(7,575)
2. Institutional Strength/Focus	50.69%	53.00%	104.55%	9,622,882	9,622,882	
3. Graduation Rate	74.07%	76.00%	102.60%	1,924,576	1,924,576	
4. Community/Local Impact of Student Enrolment	21.22%	20.99%	98.91%	5,773,729	5,710,899	(62,831)
5. Economic Impact (Institution-specific)	1,461	2,129	145.70%	7,698,306	7,698,306	
6. Research Funding and Capacity: Federal Tri-Agency Funding Secured	0.70%	0.74%	105.65%	1,924,576	1,924,576	
7. Experiential Learning	37.56%	43.20%	115.01%	5,773,729	5,773,729	
8. Research Revenue Attracted from Private Sources	\$1,979,004	\$2,478,000	125.21%	1,924,576	1,924,576	
9. Graduate Employment Earnings	\$42,818	\$43,000	100.42%	1,924,576	1,924,576	
10. Skills and Competencies (Institution-specific)						
Total				38,491,529	38,421,123	(70,406)

(1) Actual Achieved Allocation is calculated by multiplying the Notional Allocation by Target Achievement, to a maximum of 100%. Universities that have Target Achievement of 100% or higher are eligible for reallocated funding from universities that underachieve their targets on that metric that year.



AUGUST 24, 2022: Kait Kribs, Brock LINC Digital Research and Communications Officer, discusses upcoming research opportunities for the new Digital Collaboratory.



AUGUST 26, 2022: Brock University welcomed a large contingent of international educational recruitment partners to learn about and tour campus.



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Strategic Priorities



Student
Experience



Research



Community
Engagement



Inclusivity