

# Trimester 1 Report

May 1, 2023 to August 31, 2023

■ 2023-2024

# Executive summary

Brock, along with the entire sector, continues to face ongoing fiscal challenges, many of which derive from government policy outside our control. Cost containment measures have been utilized over many years to address policies such as the 10 per cent domestic tuition rate reduction and subsequent tuition freeze, followed by the impacts of the global pandemic. The University has demonstrated its ability to manage costs effectively, despite continuing constraints. With that said, additional steps will be necessary to ensure a balanced fiscal plan for future years. Brock will address this challenge and will continue to deliver on its strategic priorities.

The results of Trimester One estimate an overall revenue shortfall versus budget of \$7.2 million, or 1.8 per cent of the total revenue budget. These results are challenging; however, the shortfall is within the range in which continuing with thoughtful spending practices can result in balanced fiscal results. While the focus in Trimester One is on revenue estimates, Financial Services also analyzed expenses and identified capacity within various expense categories to generate sufficient mitigation to offset the current year revenue shortfall.

Reviewing the fiscal results of Trimester One, we note that student fees, while still a moving target at the time of writing, are forecasted to be down versus budget by \$5.9 million or 3.0 per cent. The student fee revenue shortfall is largely attributed to lower than anticipated international enrolments. International student enrolment is below target by 62 students or 2.5 per cent, and domestic student enrolment is below target by 151 students or 0.9 per cent.

Grant revenue is also below budget because of four special purpose grants. The budget plan for 2023-24 anticipated the Province would begin funding teacher education students at current enrolment levels, recognizing that the grant has been capped at 736 full-time equivalent (FTE) students for many years (vs. actual enrolment in 2022-23 of 947 FTEs). Subsequent to the budget being approved, the Province committed to one-time funding for an additional 192 FTEs, which leaves 184 budgeted FTEs unfunded, resulting in a \$0.9 million shortfall to budget. The level of Nursing expansion grant is less than budget due to lower enrolment, resulting in a \$1.0 million shortfall. The remaining \$0.4 million variance is attributed to unanticipated changes to capital grants. Ancillary revenues and investment income were favourable to budget, offsetting the tuition and grant shortfall by \$1.1 million.

The 2023-24 operating budget included a mitigation plan of \$4.0 million to achieve a balanced result; therefore, this updated revenue forecast increases the mitigation target to \$11.1 million. Work is underway to address this shortfall, with the goal of achieving balanced fiscal results by year-end.

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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:** JUNE 22, 2023 – A group of Brock University undergraduate Health Sciences students and Master of Professional Kinesiology students travelled to Africa in May to engage in a robust work-integrated learning opportunity as part of experiential education courses HLSC 4F93 and KINE 5P03.
- Research:** AUGUST 15, 2023 – Brock researchers Kelly Biagi and Vaughn Mangal gathered samples from the Wignell Drain near Lakeshore Road in Port Colborne to examine contributing factors of algae blooms.
- Community Engagement:** MAY 18, 2023 – Brock gave back with scholarships to 66 Niagara high school grads.
- Inclusivity:** MAY/JUNE 29, 2023 – Eve Nyambiya, Pride Committee Member and Brock’s Gender and Sexual Violence Education Co-ordinator, displays Brock’s all-inclusive flag, preparing for an array of activities that took place at Brock in June, during the global celebration of 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 18](#).

Figure 1

(\$000s)	2023-24 Forecast	Funding 2023-24 Budget	Difference better/(worse)	2023-24 Forecast	NFPS 2023-24 Budget	Difference better/(worse)
Revenue						
Student fees	188,706	194,607	(5,901)	187,919	193,820	(5,901)
Grant revenue	102,951	105,254	(2,303)	99,372	101,401	(2,029)
Internal chargebacks	11,685	11,697	(12)			-
Inter-fund revenue	12,605	12,605	-			-
Research revenue			-	12,222	12,222	-
Other revenue	66,850	65,786	1,064	74,713	73,863	850
Total revenue	382,797	389,949	(7,152)	374,226	381,306	(7,080)
Operating costs						
Personnel costs	(255,334)	(255,334)	-	(258,679)	(258,679)	-
Inter-fund expenses	(29,879)	(29,879)	-			-
Other operating costs	(108,724)	(108,724)	-	(142,530)	(141,055)	(1,475)
Total operating costs	(393,937)	(393,937)	-	(401,209)	(399,734)	(1,475)
Funding deficit – before mitigation	(11,140)	(3,988)	(7,152)	(26,983)	(18,428)	(8,555)
Board approved 2023-24 budget mitigation <sup>(1)</sup>	3,988	3,988	-	3,988	3,988	-
T1 forecasted revenue shortfall mitigation <sup>(1)</sup>	7,152		7,152	7,152		7,152
Funding surplus/(deficit)	-	-	-	(15,843)	(14,440)	(1,403)

(1) For NFPS purposes it was assumed mitigation would be found in offsetting expense reductions.  
Funding operating costs were not forecasted as part of trimester one. As such, the 2023-24 budget was used.



# Taking a closer look at some of the numbers

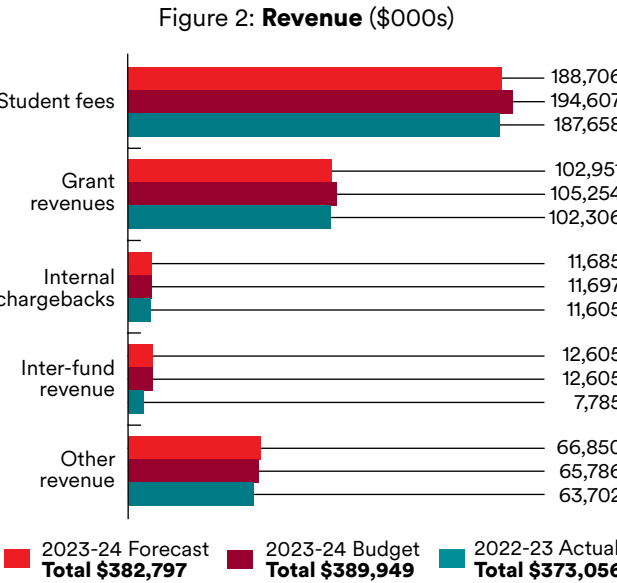
## Overview

The 2023-24 trimester one forecast estimates an updated budget mitigation target of \$11.1 million based on revised revenue estimates. In addition to the \$3.9 million mitigation target established in the 2023-24 budget, an additional \$7.2 million mitigation is a result of forecasted enrolment and other revenue shortfalls. In the past, controls on spending to reduce expenses from what was allowed for in the budget has successfully led to positive fiscal results.

Input and recommendations for future budget decisions are encouraged and may be emailed to [budgetreport@brocku.ca](mailto:budgetreport@brocku.ca)

## Review of overall revenue

As shown in Figure 2, overall revenue is forecast at \$382.8 million versus the budget of \$389.9 million, showing an unfavourable variance of \$7.2 million, driven mainly by forecasted shortfalls in student fee revenue and grant revenue, offset by gains in investment income and other revenue. These variances will be discussed in the following sections.



MAY 26, 2023: Brock gets a \$2.9-million boost in federal funding from Environment and Climate Change Canada to support low-carbon goals. In photo: Brock University mechanics in the Central Utilities Building engine room. From left: Kassim Tufail, James Doran and Brian Forbes.

## Student fees and enrolment

As shown in Figures 3 and 4, overall enrolment is forecast to be lower than budget, with 213 less students. Proportionally the largest shortfall was seen in undergraduate international students, forecast 4.7 per cent less than budget or 86 students, followed by graduate domestic students 1.0 per cent less than budget or 11 students, and undergraduate domestic students 0.9 per cent less than budget or 140 students. In contrast, graduate international enrolment is forecast 3.9 per cent above budget or 24 students.

The lower enrolment forecast translates into overall student fee revenue showing a negative variance to budget of \$5.9 million. Much of the decline versus

budget is seen in undergraduate international tuition (\$4.1 million lower than budget) as shown in Figure 5.

The 2023-24 budget also included an estimate of \$1.6 million in additional tuition revenue related to the 2023-24 Tuition Fee Framework released by the MCU on March 2, 2023, which allowed universities to submit applications for ministry approval of domestic tuition fee increases in certain regulated programs based on identified criteria. For the purposes of the 2023-24 budget, it was anticipated that most programs where applications were submitted would receive approval to increase tuition for incoming students by 7.5 per cent in 2023-24, with the teacher education and sport management program tuition rates expected to move to

Figure 3: **All in student headcount by type<sup>(1)</sup>**

Type	2023-24 Forecast	2023-24 Budget	Difference – better/(worse)		2022-23 Actual	Difference – better/(worse)	
			#	%		#	%
Undergraduate – domestic	15,503	15,643	(140)	(0.9%)	15,601	(98)	(0.6%)
Undergraduate – international	1,751	1,837	(86)	(4.7%)	1,797	(46)	(2.6%)
Graduate – domestic	1,120	1,131	(11)	(1.0%)	1,139	(19)	(1.7%)
Graduate – international	636	612	24	3.9%	652	(16)	(2.5%)
Total	19,010	19,223	(213)	(1.1%)	19,189	(179)	(0.9%)

Figure 4: **All in student headcount by Faculty<sup>(1)</sup>**

Faculty	2023-24 Forecast			2023-24 Budget			Difference – better/(worse)	2022-23 Actual	Difference – better/(worse)
	Domestic	International	Total	Domestic	International	Total			
Faculty of Applied Health Science	4,216	223	4,439	4,191	200	4,391	48	4,382	57
Goodman School of Business	2,173	822	2,995	2,210	845	3,055	(60)	3,173	(178)
Faculty of Education	1,696	60	1,756	1,793	66	1,859	(103)	1,792	(36)
Faculty of Humanities	1,841	95	1,936	1,888	97	1,985	(49)	1,968	(32)
Faculty of Mathematics and Science	2,008	526	2,534	1,941	532	2,473	61	2,420	114
Faculty of Social Science	4,637	661	5,298	4,651	709	5,360	(62)	5,348	(50)
No Faculty	52		52	100		100	(48)	106	(54)
Total headcount	16,623	2,387	19,010	16,774	2,449	19,223	(213)	19,189	(179)

<sup>1)</sup> Represents student headcount full-time (FT) and part-time (PT). For a definition refer to pg 88 of the 2023-24 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.



MAY 12, 2023: More than 100 Grade 10 and 11 students from across Ontario participated in Brock University's Scientifically Yours conference. Notre Dame College School student Ibukun Akin-Francis (left) and Ridley College student Jaya Wang analyzed blood types as one of six STEM project sessions each student experienced over the two-day event.

Figure 5: Student fee revenue

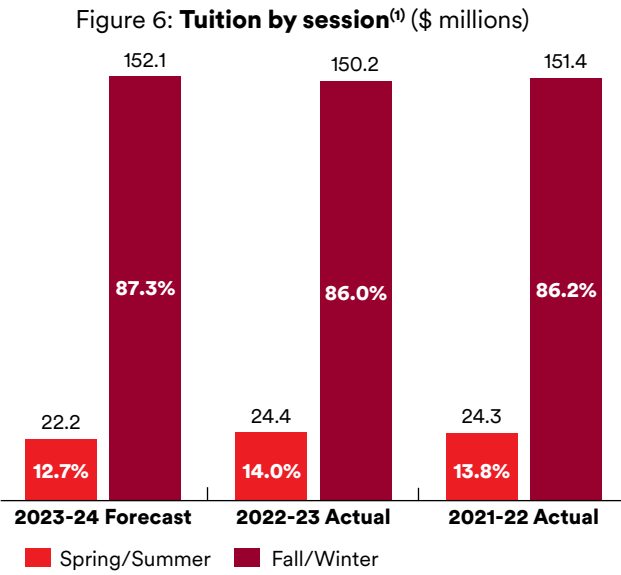
(\$000s)	2023-24 Forecast	2023-24 Budget	Difference better/ (worse)
<b>Tuition revenue<sup>(1)</sup></b>			
Undergraduate – domestic			
Faculty of Applied Health Sciences	24,369	24,460	(91)
Goodman School of Business	16,127	16,142	(15)
Faculty of Education	8,816	8,412	404
Faculty of Humanities	10,797	10,986	(189)
Faculty of Mathematics and Science	12,586	12,179	407
Faculty of Social Sciences	25,747	25,771	(24)
Other <sup>(2)</sup>	225	310	(85)
<b>Total undergraduate – domestic</b>	<b>98,667</b>	<b>98,260</b>	<b>407</b>
Graduate – domestic			
Faculty of Applied Health Sciences	3,076	2,532	544
Goodman School of Business	1,283	1,372	(89)
Faculty of Education	799	992	(193)
Faculty of Humanities	327	391	(64)
Faculty of Mathematics and Science	497	632	(135)
Faculty of Social Sciences	2,148	2,314	(166)
<b>Total graduate – domestic</b>	<b>8,130</b>	<b>8,233</b>	<b>(103)</b>
<b>Total domestic</b>	<b>106,797</b>	<b>106,493</b>	<b>304</b>
Undergraduate – international			
Faculty of Applied Health Sciences	6,039	5,328	711
Goodman School of Business	13,290	14,972	(1,682)
Faculty of Education	475	696	(221)
Faculty of Humanities	2,189	2,387	(198)
Faculty of Mathematics and Science	13,738	13,798	(60)
Faculty of Social Sciences	14,629	17,310	(2,681)
Other <sup>(2)</sup>			-
<b>Total undergraduate – international</b>	<b>50,360</b>	<b>54,491</b>	<b>(4,131)</b>
Graduate – international			
Faculty of Applied Health Sciences	530	455	75
Goodman School of Business	12,493	12,811	(318)
Faculty of Education	608	695	(87)
Faculty of Humanities	432	424	8
Faculty of Mathematics and Science	1,604	1,736	(132)
Faculty of Social Sciences	1,459	1,341	118
<b>Total graduate – international</b>	<b>17,126</b>	<b>17,462</b>	<b>(336)</b>
<b>Total international</b>	<b>67,486</b>	<b>71,953</b>	<b>(4,467)</b>
<b>Total undergraduate and graduate tuition</b>	<b>174,283</b>	<b>178,446</b>	<b>(4,163)</b>
Continuing Teacher Education – Additional Qualifications (AQ)	760	808	(48)
Adult Education	522	487	35
Intensive and Short-term English Language Programs (IELP & SELP)	1,136	1,470	(334)
Professional and Continuing Studies	250	250	-
<b>Total tuition revenue before tuition anomalies</b>	<b>176,951</b>	<b>181,461</b>	<b>(4,510)</b>
<b>Domestic tuition anomalies</b>	<b>812</b>	<b>1,600</b>	<b>(788)</b>
<b>Total tuition revenue</b>	<b>177,763</b>	<b>183,061</b>	<b>(5,298)</b>
<b>Fee revenue</b>	<b>10,943</b>	<b>11,546</b>	<b>(603)</b>
<b>Total student fees</b>	<b>188,706</b>	<b>194,607</b>	<b>(5,901)</b>

(1) Figures based on Faculty of major.  
(2) Includes letter of permission, non-degree students and auditors.

the professional program rate immediately. Subsequent to the finalization of the budget, on May 12, 2023, the University received approval from the MCU to increase tuition rates for all of the programs for which Brock applied with rate increases ranging from 24.4 per cent up to 111.3 per cent depending on the program. This was great news and a credit to the significant advocacy work by the Brock team with the MCU. Each of these substantial increases were capped at 7.5 per cent annually, which resulted in an updated estimate of additional tuition revenue of \$0.8 million for 2023-24 versus the \$1.6 million budgeted. It’s interesting to note that it will take over 10 years to fully recognize certain approved increases, given the 7.5 per cent annual cap.

Figure 6 details global tuition by session – spring/ summer and fall/ winter for the forecast and the past two years. Traditionally spring/summer is budgeted to be flat year over year. However, less enrolment occurred in the spring session of 2023 compared to 2022 which resulted in a \$1.2 million shortfall.

As shown in Figure 5, English as a Subsequent Language (ESL) IELP and SELP program tuition revenue is forecast \$0.3 million below budget; however, expenses are variable with this program and the net impact will be mitigated with reduced part-time teaching costs. The fee revenue forecast is \$0.6 million below budget driven by co-op fees resulting from lower enrolment, as well as the addition of new budgeted co-op fees being postponed.



(1) Tuition by session does not include ESL, Continuing Teacher Education, Adult Education or Professional and Continuing Studies tuition.

## Grant revenue

Figure 7 details grant revenue. Grant revenue is forecasted to be lower than budget by \$2.3 million, as a result of variances related to four specific grants.

Figure 7: Grant revenue

(\$000s)	2023-24 Forecast	2023-24 Budget	Difference better/ (worse)
<b>MCU Operating Grants</b>			
Core Operating Grant	40,524	41,445	(921)
Differentiation Envelope (Performance/ Outcomes-based Funding Grant)	48,418	48,418	-
Special Purpose Operating Grant Envelope	3,315	3,315	-
International Student Recovery	(1,790)	(1,790)	-
<b>Total MCU operating grants</b>	<b>90,467</b>	<b>91,388</b>	<b>(921)</b>
<b>Other MCU and specific purpose grants</b>	<b>12,484</b>	<b>13,866</b>	<b>(1,382)</b>
<b>Total grant revenue</b>	<b>102,951</b>	<b>105,254</b>	<b>(2,303)</b>

Included in the budget was \$2.1 million of incremental funding for teacher education, shown as part of the Core Operating grant. It was expected the University would be funded for a total of 1,112 full-time equivalent (FTE) students (376 incremental in 2023-24); however the MCU subsequently reported they would only be funding 192 incremental FTEs in 2023-24 resulting in lower grant revenue of \$0.9 million, and therefore leaving some students still unfunded. It is anticipated that the unfunded students will be added to our grant in 2024-25, however, no commitment has been made in writing at this time.

At the time of budget preparation the expansion of the provincial nursing funding was not finalized, but it was assumed the majority of Brock’s nursing enrolment would be funded which resulted in a budgeted grant of \$6.19 million. As of trimester one the forecast is \$1.0 million less than budget as a result of lower than budgeted enrolment.

Communication regarding the provincial Facilities Renewal Program (FRP) funding for 2023-24 was not received at the time of budget preparation. Consistent with prior years where FRP funding has been maintained or slightly increased, the budget assumed the same funding received in 2022-23 at \$3.8 million. It was subsequently announced by the province that the sector-wide funding would be reduced for 2023-24 resulting in Brock’s allocation decreasing by \$0.3 million.

Lastly, the Niagara Region made a commitment to Brock to support capital-related spending in the amount of \$1.5 million. It was initially expected this funding would be received over a three-year period, \$0.5 million each year. It was subsequently communicated after the 2023-24 budget was established that this commitment would be paid in annual instalments of \$0.2 million each calendar year. Due to the timing of the payments Brock will receive \$0.4 million in 2023-24 resulting in a variance to budget of \$0.1 million this year.

## Other revenue

Other revenue, as shown in Figure 8 is forecast to be \$66.9 million, \$1.1 million more than the budget of \$65.8 million. Stronger than budgeted investment income accounts for \$1.0 million of this positive variance as well as higher ancillary revenue of \$0.1 million, driven by Conference Services, offset by a small negative variance in sales and services revenue. Investment income will be discussed in the Treasury section of this report.

Figure 8: Other revenue

(\$000s)	2023-24 Forecast	2023-24 Budget	Difference better/ (worse)
Residence fees	24,898	24,920	(22)
Other ancillary revenue	15,992	15,878	114
Total ancillary revenue	40,890	40,798	92
Investment income	3,200	2,200	1,000
Sales and services	15,887	15,915	(28)
Asset sale revenue	6,873	6,873	-
<b>Total other revenue</b>	<b>66,850</b>	<b>65,786</b>	<b>1,064</b>

## 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 2023-24 budget as compared to the figures presented in the 2023-24 Budget Report. All reclassifications will be fully reconciled in the future 2024-25 Budget Report, noting the changes did not impact the net reported budget.

Figure 9: Funding by responsibility centre

Responsibility centres (\$000s)	2023-24 Forecast revenue	2023-24 Budget revenue	Change of revenue amounts
<b>Teaching Faculties</b>			
Faculty of Applied Health Sciences	373	373	
Goodman School of Business	962	962	
Faculty of Education	2,059	2,096	(37)
Faculty of Humanities	626	626	
Faculty of Mathematics and Science	1,804	1,804	
Faculty of Social Sciences	398	398	
<b>Total Teaching Faculties</b>	<b>6,222</b>	<b>6,259</b>	<b>(37)</b>
<b>Academic Support</b>			
Faculty of Graduate Studies	446	446	
Library	8	8	
Research services	3,648	3,648	
Centre for Pedagogical Innovation	280	280	
Professional and Continuing Studies and ESL	3,265	3,728	(463)
<b>Total Academic Support</b>	<b>7,647</b>	<b>8,110</b>	<b>(463)</b>
<b>Student Specific</b>			
Office of the Registrar	2,719	2,719	
Student Wellness and Accessibility	3,281	3,281	
Student Life and Success	777	777	
Brock International Services	215	215	
Hadiya'dagénhahs First Nations, Métis and Inuit Student Centre	580	580	
Co-op, Career Services and Experiential Education	2,094	2,572	(478)
Brock Sports and Recreation	8,270	8,270	
<b>Total Student Specific</b>	<b>17,936</b>	<b>18,414</b>	<b>(478)</b>
<b>Ancillary</b>			
Ancillary Operations	15,961	15,833	128
Residence	25,223	25,271	(48)
<b>Total Ancillary</b>	<b>41,184</b>	<b>41,104</b>	<b>80</b>
<b>Shared Services</b>			
Information Technology Services	604	604	
Financial Services	575	575	
Office of People and Culture	374	374	
Development & Alumni Relations	993	993	
Printing Services	955	955	
Human Rights and Equity Services	636	636	
<b>Total Shared Services</b>	<b>4,137</b>	<b>4,137</b>	<b>-</b>
<b>Space</b>			
Facilities Management	1,957	1,957	
Campus Safety Services	245	245	
Campus Development and Community Agreements	307	307	
Utilities, Taxes and Insurances	3,125	3,125	
Financing	4,711	4,711	
<b>Total Space</b>	<b>10,345</b>	<b>10,345</b>	<b>-</b>
<b>Global</b>			
Scholarships, Bursaries and Fellowships	3,629	3,629	
Capital	7,621	7,895	(274)
University Global	284,076	290,056	(5,980)
<b>Total Global</b>	<b>295,326</b>	<b>301,580</b>	<b>(6,254)</b>
<b>Total University</b>	<b>382,797</b>	<b>389,949</b>	<b>(7,152)</b>

## Anticipated savings and cost pressures

Recognizing our approved budget plan for 2023-24 included a mitigation target of \$4.0 million and noting that trimester one estimates a \$7.2 million revenue shortfall, Financial Services analyzed our budgeted expenditures to provide some assurance on our ongoing efforts to achieve a balanced fiscal result or better.

With personnel costs contributing to approximately two thirds of Brock operating expenses our analysis focused in this area. The analysis was performed by position and resulted in an estimated \$11.3 million of unfilled budgeted personnel costs, should the positions remain unfilled for the rest of the fiscal year. These savings are offset by \$1.4 million additional personnel costs not included in the budget.

In addition to the personnel cost savings potential, \$0.9 million of the \$1.95 million of the uncommitted strategic/ discretionary funds established in the budget

at 0.5 per cent of revenues, remains uncommitted at the end of trimester one and available for mitigation.

Taking into consideration the impact of this expense review outlined in Figure 10, we anticipate remaining mitigation of \$0.4 million which will be addressed with ongoing strategies throughout the year including other operating expense savings.

Figure 10: Pressures and potential savings to budgeted expenditures

Additional anticipated savings	Amount (\$000s)
Board approved 2023-24 budget mitigation	(3,988)
T1 Forecasted revenue shortfall mitigation	(7,152)
Known variances to personnel compared to budget	(1,365)
<b>Total T1 Forecast with known personnel variances</b>	<b>(12,505)</b>
Estimated personnel savings based on full hiring freeze (as at Aug. 2023)	11,290
Uncommitted strategic/discretionary funds	853
<b>Net estimated surplus</b>	<b>(362)</b>



JUNE 8, 2023: A historic sporting event in which Brock University played a decisive role in hosting has won a pair of national awards. The Niagara 2022 Canada Games was named the Canadian Sport Event of the Year Award and Sport Event Legacy of the Year Award during Sport Tourism Canada's (STC) 15th annual PRESTIGE Awards Gala in Richmond, B.C.

## Treasury

### Operating fund investment scorecard

Around this time last year the Government of Canada yield curve became inverted. At August 31, 2022 the government of Canada benchmark ten-year bond yield was 3.1 per cent which compared to a two-year bond yield of 3.6 per cent. Interest rates have continued to rise; however, the inversion in yield remains. At August 31, 2023 the government of Canada benchmark ten-year bond yield was 3.4 per cent which compared to a two-year bond yield of 4.6 per cent representing a 70 basis point increase in spread from last year between the two benchmark rates. The yield on the operating investment portfolio is currently 5.3 per cent with an average duration of less than 1 year (3.1 per cent yield and less than 1-year average duration at the same time last year.) The cash deposit rates are linked to the Bank of Canada overnight target rate plus an adjustment factor. As at August 31st 2023 the deposit interest rate was 5.6 per cent for general deposits and 5.7 per cent for the 30 day

notice account. Our operating investment income is on track to exceed budget by \$1.0 million. A summary of investment holdings as of Aug. 31, 2023 is shown in Figure 14. Figure 12 outlines monthly investment income performance compared to 2022-23. As detailed in Figure 11, operating investments have achieved 59 per cent of budget as we reach 33 per cent of the way through the fiscal year. The sinking fund during the first four months of fiscal 2023-24 has been flat with an annualized 0.4 per cent gain (8.5 per cent loss 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.

Figure 11: Summary investment income – Operating Funds

(\$000s) Unless otherwise stated	2023-24 Actuals to Aug. 31	2023-24 Budget/target <sup>(2)</sup>	2022-23 Actual	% of Budget achieved
Operating investment income	1,296	2,200	5,648	59%
Sinking fund – 2005 bond	13	403	517	3%
Employee future benefits reserve	10		385	NA
Sinking fund – 2020 bond	5	150	94	3%
<b>Investment income<sup>(1)</sup></b>	<b>1,324</b>	<b>2,753</b>	<b>6,643</b>	<b>48%</b>

(1) Brock currently has 4 externally restricted segregated trust investments not included in the figures above.  
(2) Represents budget for Operating investment income and target for the sinking funds.

Figure 12: Cumulative monthly investment income performance 2021-22 vs. 2022-23 (\$000s)

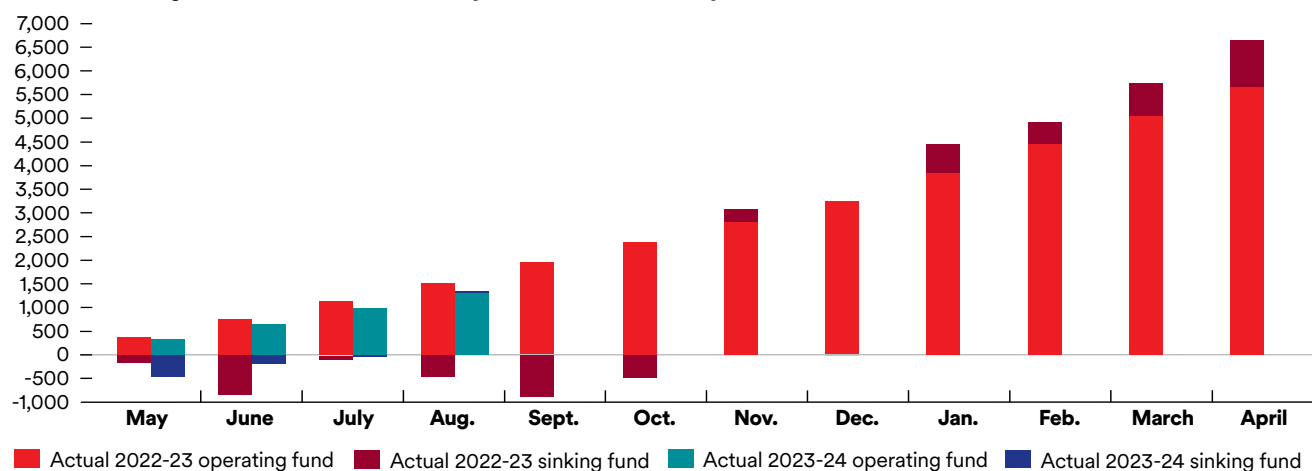


Figure 13: Monthly cash flow – historical trend month-end balances (\$000s)

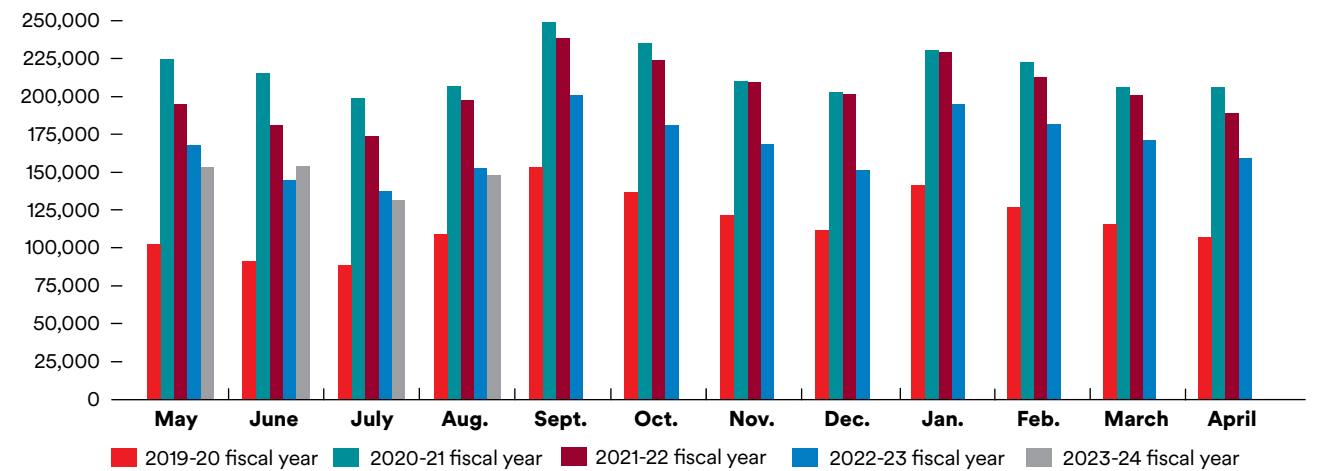


Figure 14: Summary of investment holdings

(\$000s) Unless otherwise stated	Market Value as at Aug. 31, 2023	Annualized rate of return	Fees	Net annualized rate of return
<b>Scotiabank</b>				
General account (\$20 million average minimum balance)	43,377	5.55%	0.00%	5.55%
30 Day GIC	48,282	5.70%	0.00%	5.70%
1 Year GIC	1,050	5.70%	0.00%	5.70%
1 Year GIC	2,000	6.00%	0.00%	6.00%
1 Year GIC	3,000	6.21%	0.00%	6.21%
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	5,000	4.70%	0.00%	4.70%
2 Year GIC	3,000	6.16%	0.00%	6.16%
2 Year GIC	3,000	4.24%	0.00%	4.24%
2 Year GIC	2,500	6.21%	0.00%	6.21%
3 Year GIC	3,000	4.34%	0.00%	4.34%
<b>Total for account</b>	<b>119,709</b>	<b>5.42%</b>	<b>0.00%</b>	<b>5.42%</b>
<b>BMO Nesbitt Burns</b>				
Savings account	5	4.20%	0.05%	4.15%
18 Month GIC	2,500	2.58%	0.05%	2.53%
18 Month GIC	50	5.10%	0.50%	4.60%
2 Year GIC	3,000	1.70%	0.05%	1.65%
2 Year GIC	2,500	4.70%	0.05%	4.65%
<b>Total for account</b>	<b>8,055</b>	<b>2.93%</b>	<b>0.05%</b>	<b>2.88%</b>
<b>TD Waterhouse</b>				
1 Year GIC	1,000	5.11%	0.00%	5.11%
<b>Total for account</b>	<b>1,000</b>	<b>5.11%</b>	<b>0.00%</b>	<b>5.11%</b>
<b>Mawer – balanced fund</b>				
Sinking fund series A Bond	8,967			
Sinking fund series B Bond	3,140			
Employee future benefits reserve	6,674			
<b>Total for account</b>	<b>18,782</b>	<b>0.43%</b>	<b>0.25%</b>	<b>0.18%</b>
<b>Portfolio consolidated total</b>	<b>147,546</b>	<b>4.65%</b>	<b>0.03%</b>	<b>4.61%</b>

Our debt

Figure 15 details the current and projected external debt of the University, which is within financial metric ranges of the University’s current credit rating. The 2022-23 Fiscal Framework Update continues with the holistic approach to Brock’s capital financing strategy that allows for decisions to be made in support of strategic priorities in a fiscally sustainable manner. Maintaining the University’s credit rating at A (high) or better is a strategic priority that remains in the Fiscal Framework. The impact on the University’s credit rating will be considered for any new debt and will be supported by a complete repayment plan, including Board-approved assumptions for sinking fund strategies if required.

Figure 15: 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	12,968	11,561
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 <sup>(2)</sup>				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	252,841	235,575
Total student FFTE <sup>(1)</sup>	20,086	20,303	20,548	21,597	21,896	21,598	21,289	22,980	23,090
Total debt/FFTE (in dollars) <sup>(1)</sup>	\$7,420	\$7,225	\$7,019	\$6,587	\$12,116	\$12,187	\$11,999	\$11,003	\$10,202
Debt reduction strategy									
Sinking fund – 2005 Bond	6,413	6,696	7,370	7,607	8,843	8,437	8,954	9,302	10,172
Sinking fund – 2020 Bond						1,532	3,136	4,797	7,480
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	12,090	14,099	17,652
Net debt	133,687	129,208	123,552	134,266	254,568	250,088	243,349	238,742	217,923
Net debt/FFTE (in dollars) <sup>(1)</sup>	\$6,656	\$6,364	\$6,013	\$6,217	\$11,626	\$11,579	\$11,431	\$10,389	\$9,438

(1) Fiscal full-time enrolment (FFTE). For a definition, refer to page 88 of the 2023-24 Budget Report. Forecasted FFTEs beyond 2023 have not been updated from the 2022-23 Fiscal Framework.  
(2) Future decisions on refinancing the Scotia loan are outstanding.

DBRS Morningstar maintained Brock’s credit rating on March 2, 2023, with the Issuer Rating and Senior Unsecured Debentures rating of “A (high)”, with a trend of “Stable”. The continued trend of “Stable” reflects DBRS Morningstar’s positive outlook regarding Brock’s financial sustainability and is the result of the prudent fiscal measures taken across the University throughout the year. DBRS Morningstar continues to expect the University to post balanced operating results, or better, on a consolidated basis.

Figure 16: 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 17: Debt metrics

	Published range current credit rating	2022-23 Fiscal year	2021-22 Fiscal year
Fiscal full-time equivalent (FFTE)		21,289	21,598
Total long-term debt/FFTE (\$)	10.000 – 15.000	11,999	12,187
Interest coverage ratio	1.3 times to 2.5 times	2.68 times	2.98 times
Surplus-to-revenue	0% to 1% (5 year average)	1.8%	2.8%



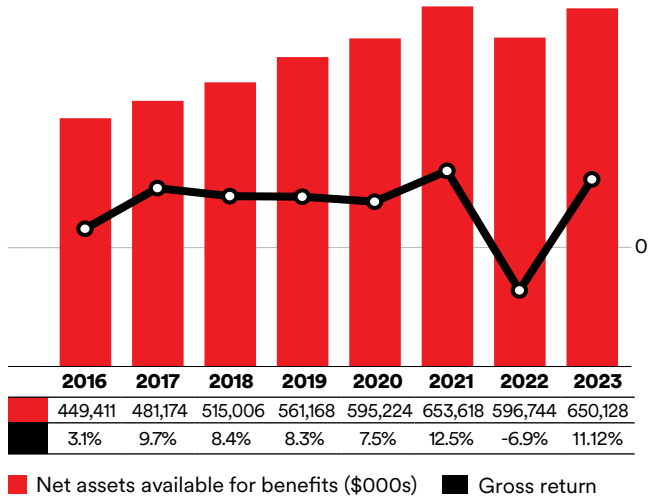


JULY 13, 2023: Brock research on Crawford Lake and proposed Anthropocene made global headlines. In photo: Brock University Professor of Earth Sciences Francine McCarthy (centre) explains the layers of sediment collected from the muddy bottom of Crawford Lake to journalists at the research site earlier this year.

## Pension

The actuarial valuation on the pension plan completed as at July 1, 2022, indicated the plan was 99 per cent funded on a going-concern basis (98 per cent as at January 1, 2020 valuation) and 105 per cent on a solvency basis (106 per cent as at January 1, 2020 valuation). The going concern deficit improved slightly due to higher interest rates increasing the discount rate that reduces the present value of the liabilities. 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 \$5.3 million (\$12.7 million as at January 1, 2020 valuation) has required special payments into the plan of \$0.5 million representing an annual savings of \$1.0 million compared to the last valuation. In addition, current service cost payments for the plan of \$14.1 million for a total cost to the University of \$14.6 million annually. Employees also contribute to the money purchase component of the plan (defined contribution) an additional \$8.2 million resulting in an employer to employee funding ratio of 1.8 to 1.0. An updated valuation is required before the next triannual valuation date of July 1, 2025.

Figure 18: Pension Plan as of June 30 pension year end (\$'000s)



## 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 19 illustrates the number of open capital and related projects. These projects include all 2023-24 projects as well as uncompleted prior year projects. Note: the majority of the 2023-24 projects were opened prior to May 1, 2023. Figure 20

illustrates the activity to Aug. 31, 2023 with respect to the type and dollar amount of projects. The established 2023-24 capital and related projects budget is \$12.97 million (Information Technology Services Projects – \$4.77 million; Facilities Management Projects – \$8.20 million). As noted previously, the 2023-24 Facility Renewal Program funding from the Ministry has been reduced by \$0.3 million (\$3.579 million received vs. \$3.853 million budgeted), as a result projects will be identified and deferred to account for this shortfall.

Figure 19: Status of capital projects as of Aug. 31, 2023

(\$'000s)	Facilities Management	Residence and ancillary services	Information Technology Services
Total projects open as of April 30, 2023	74	13	41
Projects opened to Aug. 31, 2023	1	2	
Projects closed/completed to Aug. 31, 2023	(2)		
Total projects open as of Aug. 31, 2023	73	15	41

Figure 20: Capital and related project summary

Project type (\$'000s)	Revenue/funding <sup>(1)</sup>	Spending to Aug. 31, 2023	Remaining to spend
Facilities Management			
AODA* Projects	470	(69)	401
Above surface/sub surface utilities, drainage, roads, parking lots, sidewalks	1,778	(787)	991
Adaptations/renovations and major renewal projects	1,508	(1,260)	248
Audits and studies	780	(326)	454
Buildings	11,619	(5,359)	6,260
Energy conservation and demand management	9,130	(1,947)	7,183
Major capital projects	8,105	(6,281)	1,824
Vehicles and wheeled equipment	1,142	(618)	524
FM – surplus/(deficit)	2,100		2,100
Total Facilities Management projects	36,632	(16,647)	19,985
Residence and Ancillary Services			
Above surface/sub surface utilities, drainage, roads, parking lots and sidewalks	613	(223)	390
Adaptations/renovations and major renewal projects	551		551
Buildings	7,205	(2,238)	4,967
Residence and Ancillary Services – surplus/(deficit)	558		558
Total Residence and Ancillary Services	8,927	(2,461)	6,466
Information Technology Services			
Enterprise software projects	13,896	(9,963)	3,933
Hardware evergreening projects	2,563	(447)	2,116
Hardware growth projects	868	(130)	738
IT infrastructure projects	1,883	(56)	1,827
ITS – surplus/(deficit)	52		52
Total Information Technology Services projects	19,262	(10,596)	8,666
Total capital and related projects	64,821	(29,704)	35,117

\* 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.

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 21 and 22 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 2023-24 Budget Report for detailed

explanations of all the adjustments, reclassifications and eliminations. These adjustments, reclassifications and eliminations for the 2023-24 forecast were consistently applied with those of the 2023-24 budget. The forecast for NFPS adjustment #3 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 (adjustment #13). It is interesting to note that Brock is the only DBRS rated University that fully reconciles and converts budget to NFPS.

Figure 21

(\$000s)	2023-24 NFPS budget	2023-24 Funding forecast	NFPS adjustments	Note	Eliminate inter-fund transfers	Eliminate internal chargebacks	2023-24 NFPS forecast
Revenue							
Student fees	193,820	188,706	(787)	1-2			187,919
Grant revenue	101,401	102,951	(3,579)	3			99,372
Internal Chargebacks		11,685				(11,685)	
Inter-fund revenue		12,605			(12,605)		
Research revenue	12,222		12,222	4			12,222
Other revenue	73,863	66,850	7,863	5-7			74,713
Total revenue	381,306	382,797	15,719		(12,605)	(11,685)	374,226
Personnel costs	(258,679)	(255,334)	(3,345)	4, 10-12			(258,679)
Inter-fund expenses		(29,879)	(1,643)	4, 6	31,522		
Operating costs	(141,055)	(108,724)	(45,491)	1,4-6, 8-10, 13		11,685	(142,530)
Total costs	(399,734)	(393,937)	(50,479)		31,522	11,685	(401,209)
Funding surplus/ (deficit) before mitigation	(18,428)	(11,140)	(34,760)		18,917	-	(26,983)
Mitigation target	3,988	11,140					11,140
Funding surplus/ (deficit) after mitigation	(14,440)	-	(34,760)		18,917	-	(15,843)

Figure 22

Note	Reconciliation of NFPS adjustments (\$000s)	
1	Course fee revenue	704
2	Student fees (for capital)	(1,491)
3	Capital grants	(3,579)
4	Research, including fellowships	12,222
5	Amortization of deferred capital contributions	9,976
6	Endowment and Trust Spending	4,681
7	Proceeds of asset sales	(6,794)
	Total revenue adjustments	15,719
1	Course fee spending	(704)
4	Research spending – personnel	(3,243)
4	Research spending – operating costs	(8,979)
5	Amortization of capital assets	(33,278)
6	Endowment & Trust Spending	(4,681)
8	Principal payments	2,908
9	Capital purchases in operating	1,640
10	Capital and infrastructure project reserves spending – personnel	(357)
10	Capital and infrastructure project reserves spending – operating	(2,644)
11	Post-retirement benefits	(279)
12	Pension	534
13	Spending in strategic funds	(1,396)
	Total costs adjustments	(50,479)



JULY 21, 2023: Associate Dean of Research and Graduate Programs and Goodman School of Business Associate Professor Narongsak (Tek) Thongpapanl (left) and Anna Guo, Associate Director of International Student Recruitment (right) participated in a Brock partner appreciation event during a recruitment trip in Vietnam.

JULY 26, 2023: Brock faculty and staff are settling into the University's interim Burlington Campus. The former Lester B. Pearson High School at 1433 Headon Rd.

Reserves

Figure 23 outlines internally restricted reserve balances that have been established for strategic priorities. As at Aug. 31, 2023, Brock has \$42.8 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 \$39.9 million available in the same accounts at this time last year.

Figure 23: Balances by Faculty as of Aug. 31, 2023

(\$000s)	Operating project accounts	Research funds with no external obligations	Start-up funds	PER and accountable allowance accounts	Strategic fund <sup>(1)</sup>	Total
Faculty of Applied Health Sciences	227	1,528	1,956	1,045	600	5,356
Faculty of Education	128	150	202	615	176	1,271
Faculty of Humanities	220	129	92	651	131	1,223
Faculty of Mathematics and Science	480	1,024	1,990	854	872	5,220
Faculty of Social Sciences	693	1,030	724	1,433	1,183	5,063
Goodman School of Business	871	105	40	744	1,509	3,269
Library		1		123		124
Other units	1,291	1,089		64	18,839	21,283
Total	3,910	5,056	5,004	5,529	23,310	42,809

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

Appendix 1

Multi-year financial results on a funding basis

Figure 24

(\$000s)	2023-24 Forecast	2023-24 Budget	2022-23 Actual	2021-22 Actual	2020-21 Actual
Revenue					
Student fees	188,706	194,607	187,658	188,064	186,012
Grant revenue	102,951	105,254	102,306	99,780	106,724
Internal chargebacks	11,685	11,697	11,605	7,346	3,098
Inter-fund revenue	12,605	12,605	7,785	5,943	8,843
Other revenue	66,850	65,786	63,702	50,256	24,319
Total revenue	382,797	389,949	373,056	351,389	328,996
Operating costs					
Personnel costs	(255,334)	(255,334)	(234,390)	(221,304)	(214,657)
Inter-fund expenses	(29,879)	(29,879)	(27,225)	(28,926)	(18,143)
Other operating costs	(108,724)	(108,724)	(107,403)	(97,262)	(83,302)
Total operating costs	(393,937)	(393,937)	(369,018)	(347,492)	(316,102)
Forecasted revenue shortfall mitigation	7,152				
Mitigation target	3,988	3,988			
Funding surplus/(deficit) before discretionary appropriations	-	-	4,038	3,897	12,894
Discretionary appropriations			(4,037)	(3,896)	(12,885)
Funding surplus/(deficit) after discretionary appropriations	-	-	1	1	9



AUGUST 21, 2023: Brock research challenges the traditional use of silicon in solar panels with a new more affordable material.



AUGUST 24, 2023: Brock has appointed Chelsea Takalo as its first Associate Vice-President, Equity, Diversity and Inclusion.

AUGUST 30, 2023 : Anthropocene research among Brock projects to receive \$965,000 in SSHRC funding  
In photo: New federally funded research by Brock University Professor of Philosophy Christine Daigle will focus on interpreting layers of sediment in Halton's Crawford Lake.

Also included in the Aug. 29 announcement was other federal government funding for Brock, including:

- a \$2.5-million SSHRC Partnership Grant
- the renewal of Associate Professor of Psychology Karen Campbell's Canada Research Chair in Cognitive Neuroscience of Aging.
- \$4.8 million in funding from the Natural Sciences and Engineering Research Council's Discover/Explore program
- \$295,000 for research infrastructure under the Canada Foundation for Innovation's John R. Evans Leaders Fund





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**Strategic Priorities**



Student  
Experience



Research



Community  
Engagement



Inclusivity